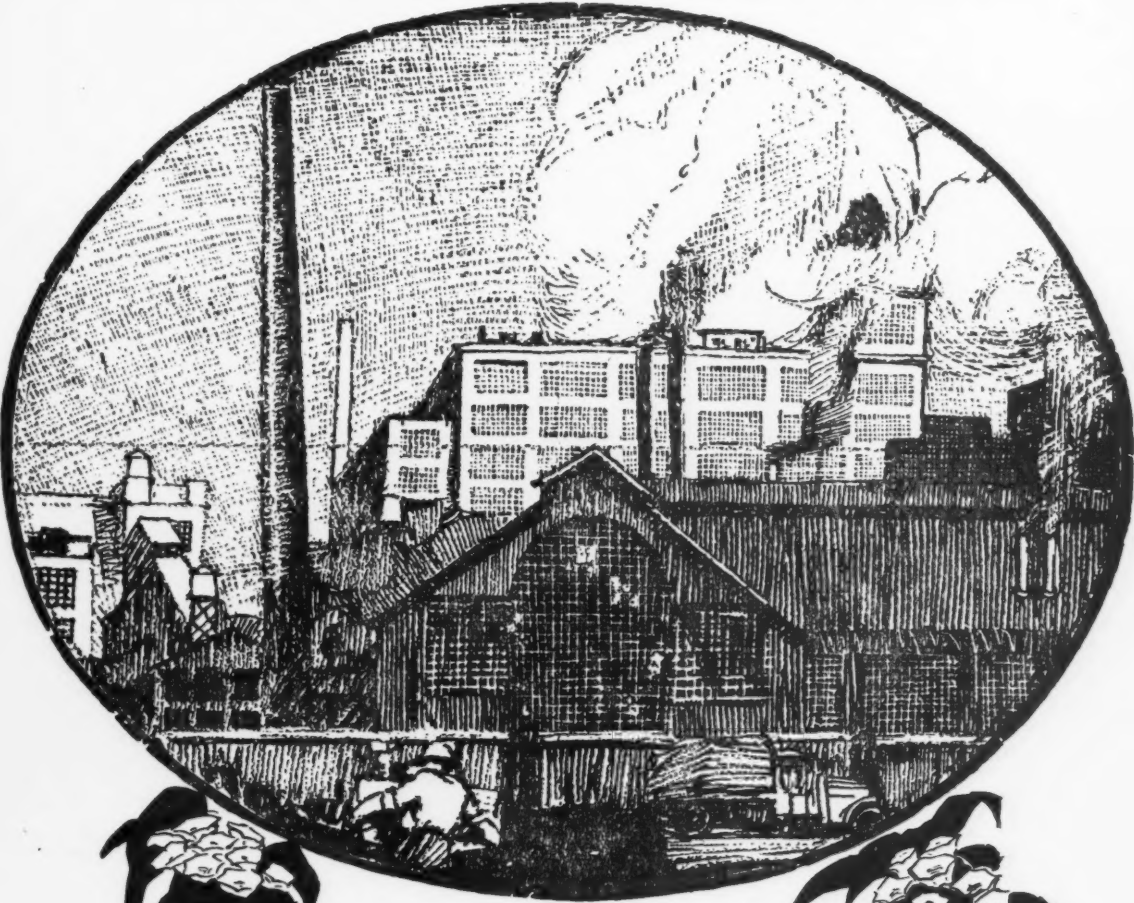


DECEMBER

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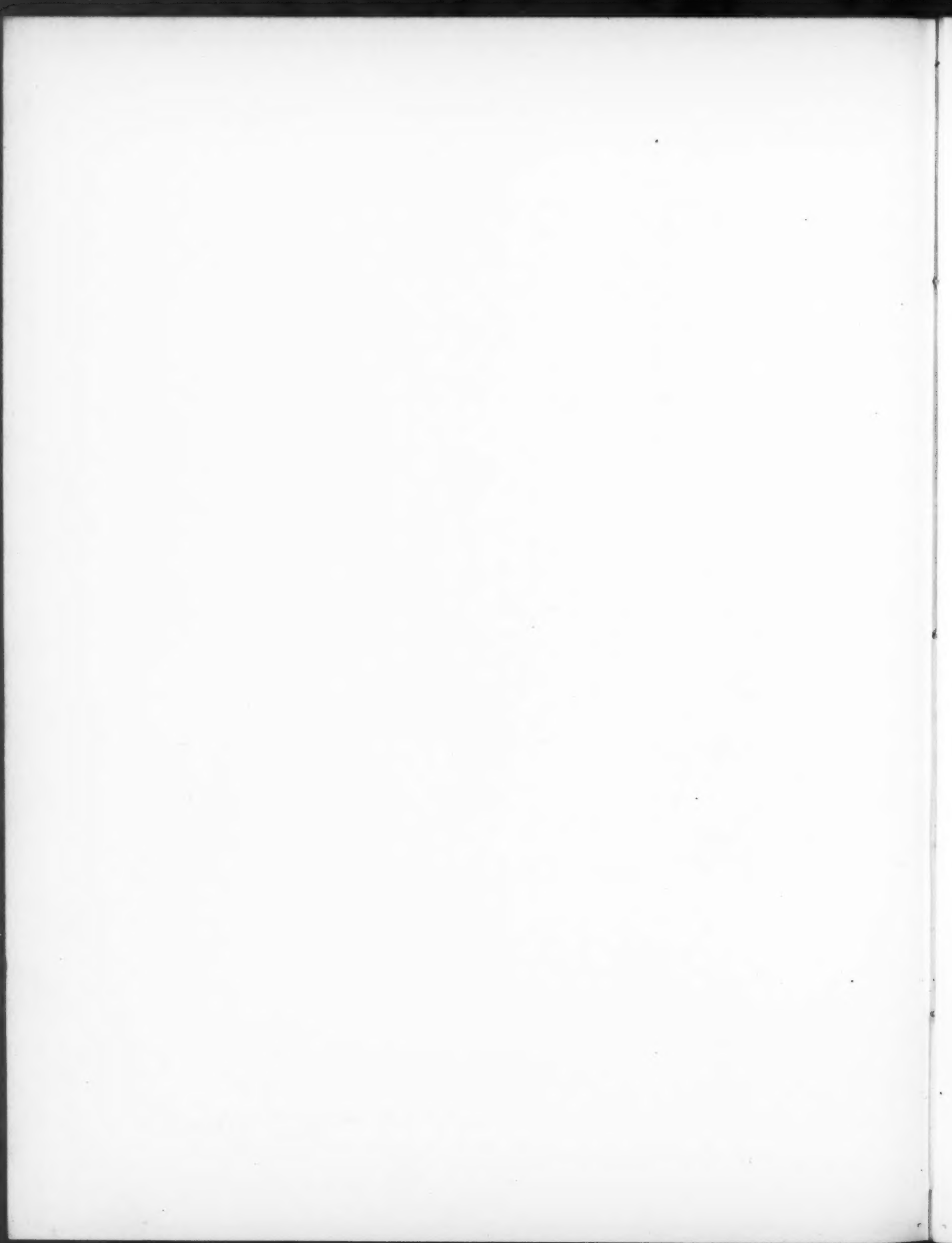


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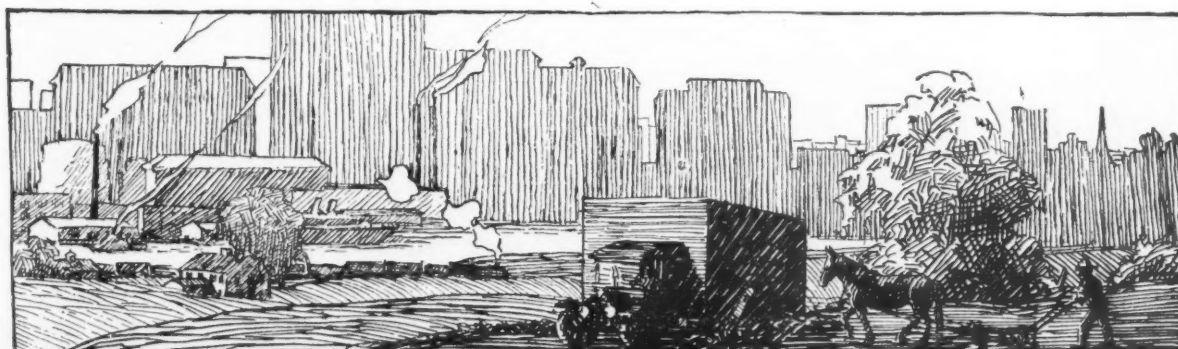
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THE PRICE OF SECURITY

"To the victor belongs the spoils", goes the old saying. Yet how often has the victor failed to take advantage of his position and become the defeated simply because he has underrated his opponent.

Many a football team has lost to an unworthy opponent because the pride and confidence engendered by past victories has withered judgment and produced overconfidence.

Rome decayed and fell because of her overconfidence. After repeated victory her position seemed so impregnable that she lost her morals and her ideals. The Israelites, a powerful people, became so weakened on the "milk and honey" of the Promised Land that they were an easy prey to their enemies.

The American people, prior to November 4, were threatened by the activities of a radical group. Had that group been given power, the very Constitution must have crumbled, but free and untrampled America does not relish the experience of Red Russia and fought valiantly when the institutions of our fathers were threatened. What then is the next step? Shall we sit complacently by in the belief that a permanent victory has been won—that in the defeat of the radical party our duty as voters is accomplished?

We cannot do this. We must continue our efforts toward the defeat of radicalism, for radicalism is not dead. Permanent stability is never assured unless we continually exercise our duties as citizens, for as been said, the price of security is eternal vigilance.

On November 4, the United States entered upon a new period. On the 25th of November, the occasion of the Annual Meeting of our Association, we began a new year. We are making a fresh start. Let us not relax, but let us lend every effort in the support of those who uphold the Constitution.

Edmund Howard

PROGRESS TOWARD EUROPEAN RECONSTRUCTION

By FRED I. KENT

Vice-President Bankers Trust Company

Address before Annual Meeting of the Manufacturers Association of Connecticut.

The people on the Continent of Europe, because of the natural resources of their countries and the nature of their own development through the centuries, are fitted to produce many things which are required or desired by men. The most recent phase of the development of the European peoples has been that brought about because of the World War, which forced them to turn their thought toward greater speed in production because of urgent military requirements and greater general efficiency in manufacture. At the same time there was a great destruction of raw materials, great devastation in certain districts, which wiped out cities and towns and which was followed by the destruction of agricultural lands and the curtailment or entire cessation of building and production in many lines.

As a result after the war the balance of production, which is indispensable to normal life, was found to be destroyed and it became necessary to re-establish such balance through importations until home industries could be once more brought into a state of equilibrium. Europe consequently became the center to which was attracted from all parts of the world food, raw materials and manufactures of almost every kind. It was not possible, however, for such imports to be paid for immediately and consequently purchases were made largely on credit. As the United States was the richest country in the world the currents of trade were di-

verted, by those nations least able to extend credit, from Europe to the United States where cash was received on delivery of goods after which the goods were re-shipped to Europe against credit. No country, no matter what its

wealth, could stand such a burden indefinitely, particularly in view of the tremendous volume of commodities involved.

The great wealth of the United States, however, enabled it to continue to act as the one great creditor nation in connection with such trade for a considerable period and it was not until the Summer and Fall of 1920 that the burden became so great that the inevitable breakdown occurred. This breakdown was followed by a long period of readjustment during which production stopped in large degree and business effort was turned toward accomplishing the con-

sumption of goods for which there was no ready market. As time went on, such activities naturally had a tendency to rebuild trade as every effort to find markets for goods increased the ability to distribute them.

The breakdown, however, was so severe that new business customs were acquired throughout the world and retailers and then wholesalers formed the habit of carrying small stocks and in ordering from hand to mouth. This held back manufacture and at the same time threw a larger proportion of the risk upon such industry, than was normal or natural. As business began to pick up in volume, however,



FRED I. KENT

this situation, while continuing, grew less and less harmful. During this period the European nations were slowly increasing their power to produce. This naturally increased their ability to pay for those things which they consumed and as a result a healthier underlying development was gradually built up.

The political situation in Europe, however, made it impossible for the improvement to reach a fundamentally sound foundation from which steady progress could be made. There were two principal reasons for this, one having to do with the unsettled question of reparations, which carried within it through the Ruhr occupation and in other ways great destruction of trade and consequent discontent, and the other, the Russian menace which fed upon this discontent that was itself partly the result of the first condition, although largely due to the natural difficulties that followed the World War. The hope for the approach of better times that was induced by the gradually developing power to produce was held in check awaiting the settlement of the disturbing reparation questions, which it was believed would in turn have a great influence in restoring a rational Government and more livable conditions in Russia, thereby eliminating the vicious propaganda emanating from that country.

The first requirement therefore clearly lay in finding a means to settle the differences which existed between the Allies and Germany. Consequently when the Dawes Plan was given out to the public and it was seen that it carried within it possibilities of a settlement of the reparations question, it was not surprising that almost immediately constructive public opinion brought tremendous pressure upon European statesmen in all of the countries concerned to have the plan put into operation. Neither was it surprising that reactionary minority forces backed by the Soviet Government, seeing in the operation of the Dawes Plan the doom of the discontent upon which they flourished, should have opposed it. The resulting acceptance of the Dawes Plan was quite to be expected in view of the fact that the reactionaries are actually in a very great minority, despite the noise that they make and that majorities can control when they are sufficiently aroused to take action.

The real reconstruction of Europe became possible with the calling of the London Conference in July and the adoption of the London Protocol in August which cleared the way for

the introduction of the Dawes Plan and provided such agreements as were necessary to make certain that every act which was essential to its successful inauguration should be taken. Such acts included the passage of laws in Germany establishing the Gold Bank, the railroad corporation and providing for the industrial mortgage, the progressive evacuation of the Ruhr, and the creation of committees of operation and arbitration. As it was realized that the Plan could not be a success unless the German loan, which was advised by the Dawes Commission, was successfully placed, an agreement as to this undertaking was also made.

The provisions of the London Protocol, requiring as they did that certain action be taken within stated periods and by certain specified dates, made it necessary for every committee appointed under it to recognize time as one of the positive elements of its problems. As a result, the Reparations Commission was in position to declare the Dawes Plan operative in the Fall of 1924, although it was generally predicted even by the most optimistic that it would not be in operation until well into 1925.

The actual living up to the schedule of the London Protocol started in immediately with the signing of the agreement and probably nothing could have been done that was more effective in restoring the morale of the peoples of Europe, first broken by the war and then continually upset through the failure of every promise fostered by the constant conferences which had been taking place from the time of the Armistice. As a result the Europe of today is a very different Europe from that which prevailed before the Dawes Plan was submitted to the Allies and Germany. However, it must be fully realized that the Dawes Plan in operation represents only one step forward, even though it is the important and necessary one upon which further progress in reconstruction in Europe depends. If left to itself, it cannot be expected to bring about the salvation of Europe for there are still many surrounding problems which must be intelligently settled before stability can be assured.

For instance, the total amount of reparations that Germany is to pay has not been agreed upon, as the period of time over which payments in gold marks are to be made by Germany on account of reparations has not yet been determined. Before this can be done, two things are necessary. The first is an actual carrying on of operations for a time by the Transfer Committee in order to ascer-

tain the possibilities of making the gold marks paid by Germany effective for the Allies, and the second is the settlement of the Interallied indebtedness. The reason for the second requirement lies in the fact that France feels that she is not justified in agreeing to receive from Germany a total amount that will represent only what she is obliged to pay to Great Britain and the United States on her Interallied indebtedness as such an agreement would require the French people to pay for their own reparations.

The currencies of many European countries are still unstable and the balancing of national budgets for this and other reasons has not yet been generally accomplished. Many countries still maintain trade embargoes that must be eliminated. While the power of Governments to function effectively is growing, yet it is far from what it should be and this situation can only be corrected as the sway of reason grows stronger. Here again progress is dependent upon the removal of the discordant elements in our present civilization which are due to the war but which can only be dissipated as economic conditions become more stabilized.

The growing betterment in European conditions, made possible through the operation of the Dawes Plan and which it is hoped will be continued through the correction of other untoward conditions is of great moment to the people of the United States. All peoples that are prosperous become so because of the increase in their powers of production and consumption. Of these functions, every man depends upon that of production for his livelihood and to the extent that he takes part in producing himself or in carrying on such activities as make possible the greater production of others, including for the moment distribution, is he able to increase his power of consumption. There are two great divisions of

production, one the supplying of food and raw materials and the other, manufacturing and construction. In every country there are certain things which can be manufactured at less cost than in other countries because of the ability to obtain certain raw materials, the nature of the climate and the character of the

nation's efficiency. If a world situation existed under which every individual in every country carried on for his livelihood such operations as he was best fitted to undertake, giving due consideration to his surroundings and his personal characteristics, the production of the world would be so accelerated that all human beings under reasonable conditions of population could be supplied with all of the conveniences and comforts of life.

The effort of the world naturally tends toward the development of such a situation because it is economically sound. Great barriers to such a development exist, however, in the widely different character and ability of various peoples. The very desires of peoples are of great variance and they exercise a tremendous influence in the development of world production. Many peoples prefer to live lives of

DURING the War, Fred I. Kent, on leave of absence from the Bankers Trust Company, was Director of Foreign Exchange for the Federal Reserve Board and later devoted much of his time to advisory work with the Reparations Commission.

IN 1923 he was appointed chairman of the Committee on Economic Restoration, of the International Chamber of Commerce and in preparation of his report visited all important countries and discussed conditions with leading diplomats and financiers.

MR. KENT is well known also as Treasurer of the National Industrial Conference Board and chairman of the Commerce and Marine Commission of the American Bankers Association.

more or less indolence with few comforts rather than to exert themselves sufficiently to better their conditions of living. On the other hand, there are peoples who prefer to work in order that they may add to mere existence increasing comforts and luxuries. Between these two classes are peoples and individuals with varying degrees of desires and willingness to make such effort as is necessary to accomplish their desires. The difference between these classes lies in the fact that the indolent mind can only conceive of indolent pleasures and mere bodily comfort, whereas the active mind obtains a direct satisfaction from the exercise of effort and accomplishment that is mental rather than physical. Without the

more active mind, the population of the world could not grow as it has done and all life would be that of masses which would be moving forward from a recovery from one form of pestilence, during which populations would be largely decimated, toward another form of pestilence again induced by overpopulation of peoples with mentalities unequal to the task of protecting themselves. Our more highly civilized state as it now exists, together with the methods of living and the means of transportation and communication that have been evolved have been actually necessary to our continued growth. It is through production, manufacture, distribution and consumption, ever developing on a more and more scientific basis that the world has been able to find the means to protect people from each other and to provide them with those things essential to their greater mental development with its consequent greater mental return in satisfaction and contentment.

As a result of the diverse characteristics of humanity, we find a world made up of men with greatly varying competitive forces and with different methods of exercising such forces. It is partly on this account and partly because our world still has to adjust itself to a more fully populated planet that many countries are producing and manufacturing things which might better be produced in other countries and obtained by the former through an exchange of other commodities that they themselves might be better able to produce or manufacture. The ideal which might be expressed as free trade to the world can only be brought about, if ever, by each country first protecting itself from all others in such manner as the understanding of its people and the conditions under which they live make possible and then by evolution through reciprocal agreements working toward the ultimate ideal world situation.

In the United States we find that we have built up largely through our own efforts and desires, together with our natural resources and aided by a protective tariff, a production which has made our people most prosperous, but we must not forget that if it were not for our imports from many other countries our conveniences and comforts of life would be reduced almost beyond conception. In addition to such raw materials as we may import, there are also many manufactured products that can be obtained by our people from other countries that will add greatly to our national welfare. Many such manufactures we are

already importing and we pay for them with our own production of both raw materials and manufactured products. That there are other manufactures made in foreign countries which it would be better for us to import rather than to produce ourselves is unquestionably true and this is undoubtedly the case with some things which are now actually being manufactured in the United States.

This question is soon going to be a very live one, for as Europe recovers its equilibrium and its power to produce is increased, it is going to scour the world for markets. This will not only mean that United States exporters of manufactured goods may find greatly increased competition in the foreign countries to which they sell, but that such competition may be brought directly home. Such a development is going to be of great value to the United States and to the manufacturers of the United States, for it is going to increase the buying power of Europe and of other countries of the world and it is also going to bring within the reach of many of our people articles which they cannot buy at present.

It would be a great mistake to ignore the fact that certain of our manufacturing concerns are inevitably going to feel the effect of such a development, but they need feel no concern over this situation provided they are constantly upon their guard. The increasing power to produce in Germany and in all Europe, which better economic conditions will bring about, cannot be exercised except as markets can be found. This will of necessity mean a much slower development than is popularly expected, and should give plenty of time to American manufacturers to satisfy themselves of the strength of their own individual positions. It may be necessary in some cases for manufacturers to entirely change the nature of their production and to use their ingenuity to find new articles for which they can obtain an assured market. In other cases it may only be necessary to change the form of articles somewhat in order to adjust their production to some slightly different type of demand. This is nothing that should trouble our manufacturers in the slightest degree, for it is a process that has been going on continually ever since industry started and will continue to do so indefinitely. The experience, initiative and efficiency of American manufacturers have enabled them to protect themselves and successfully meet competition and they are going to be able to continue to do so whether they are obliged to develop new ef-

iciency methods or new forms of manufactured articles.

It would seem as though every manufacturer in the United States should study carefully the production in European countries of those things that he himself manufactures, from the standpoint of pre-war production and consumption and post-armistice production and consumption and, in view of the necessity for Germany to pay reparations, that he make a special study of the manufacturing enterprises of that country. When this is done, every manufacturer will have a more intelligent idea of the competition which he is going to meet and with such information he should be better able to vary his own production or even to actually develop the capabilities of his plant to produce a desired product of an entirely different nature without serious loss or harm to himself.

This leads us back again to the European situation for it is upon the developments in Europe that we are going to be obliged to depend for our continued prosperity and growth. It may be easier to comprehend the situation if we consider the existence of an extreme condition. Suppose for instance that Europe was unable to produce in sufficient volume to enable its people to pay for required consumption and that it had no other means of meeting such costs. Suppose that the demands of Europe were such as to accelerate production in the United States in a large way and that the wealth of America was used to extend credits to Europe to effect our exports and further that our people were unable to foresee that Europe could not so develop its own production as to be able to make payments to us when credits matured. For a time, while our wealth made it possible for us to extend needed credits, our whole people might be producing at high speed and great prosperity might abound in the country. Such a situation, however, would only be temporary and as soon as European credits matured and it was found that they could not be met, we would be faced with disaster, which would first be felt financially and almost immediately after through the stoppage of our industries and a resultant overwhelming unemployment. While our manufacturers during the first period would have a wonderful business, yet it would be a real menace and their prosperity a thing of the moment. It is not conceivable that anyone would consider such a situation as of value to the people of the United States or to its manufacturers. If, however, during the life of the credits which had been extended,

European industry was so reconstructed that it could meet its indebtedness, the prosperity of the United States as a whole need not be interfered with in any particular.

It would unquestionably be true that certain American industries would meet severe competition and possibly of a nature that might make it necessary for them to change their business, but such industries would be no worse off than if there was a complete breakdown in the ability of Europe to make payment. But after all this would add no new problems to our manufacturers as they are even now obliged to keep up to date with developments in our own country, brought about by invention or changes in the customs and habits of the people and which at times absolutely eliminate the markets for certain classes of manufactures. The prosperity of Europe therefore is not going to change in any particular the potential risks of a manufacturing business that are due to invention and change in demand. On the other hand, the greater consuming power of the world which is sure to follow greater production in Europe and which will be reflected in all countries, is certain to so enlarge markets that it will increase the total amount of production in the United States far beyond what it is today and also afford new opportunities for manufacture to those who may be obliged to change the nature of their production.

After the experience of 1920 and 1921, it would hardly seem necessary to warn industry in this country that it must not be led into a boom period. The great destruction which took place during the war, opening as it did a tremendous void for which food, raw materials and manufactures were required from all the world was a very different situation from that which exists today. Since 1921 great progress has been made in Europe in the restoration of many things basic to normal life and it cannot be expected that there will be any super-demands for the production of America. It would seem unwise therefore for our manufacturers to exert themselves to get too far ahead of the game, so to speak.

Reconstruction in Europe from now on should partake more of the nature of a slow evolution. While Europe's power to produce is largely in excess of its present production, particularly in Germany, yet it can only increase its output as markets are found for its goods and there is no vacuum in the world to be filled at the moment as was true after the Armistice. This is really fortunate, for high

speed production which is undertaken to fill a void is certain to carry within it an inertia that will result in difficulties when that void no longer exists.

It is quite to be expected that many European interests will strive for loans in America and for two reasons. One, because they wish to be first in the field in order to be able to take a front place in the growing world market that is now being anticipated, and two, because the feeling exists that the operation of the Dawes Plan is going to enable the stabilization of many currencies and restore them to a gold basis which will tend to reduce the value of the American dollar. There is consequently a natural rush to obtain dollars while the premium upon them exists. It is, however, as important that we be conservative in the granting of credits as in expanding our production. If the bankers of the world will carefully scrutinize the conditions surrounding every European credit asked for and will provide only those which are clearly constructive as well as being safe from every true banking standpoint, and if manufacturers, while striving for legitimate markets and making every effort to hold and increase their place in world trade, will exercise proper caution in their expansion, we can anticipate a normal developing trade and commerce that will bring prosperity to all nations. Such methods will have a strong tendency to progressively help the European nations solve the difficult problems which are still to be settled before they will have fully recovered from the effects of the World's War.

It is to be hoped that the recent blows that have been given to ultra-radicalism in various countries portend a reign of reason in things commercial and financial, as well as political. Should this prove to be true, we can look forward with confidence to the continued reconstruction of Europe and to a prosperity that will be more widespread and of greater benefit to all peoples than has ever prevailed in the history of the world.

Because of the great number of calls we have had for our November issue which contained laws of all states in regard to employment of children in factories, we are reprinting this tabulation in the current number.

STATE LAWS RELATIVE TO EMPLOYMENT OF CHILDREN IN FACTORIES

(Reprint from Congressional Record, April 26, 1924, with such changes in laws as made since that date.)

Alabama	.....	Entirely prohibited	under 14
Arizona	.....	Prohibited	under 14
(Exception — Boy 10 to 14 may, upon license, outside school hours work at labor not harmful.)			
Arkansas	.....	Entirely prohibited	under 14
California	.....	Prohibited	under 15
(Exception — Child 12 during school vacation.)			
Colorado	.....	Prohibited	under 14
(Exception — Child 12 during summer vacation.)			
Connecticut	...	Entirely prohibited	under 14
Delaware	.....	Prohibited	under 14
(Exception — Child 12 outside school term on special permit.)			
Florida	.....	Entirely prohibited	under 14
Georgia	.....	Prohibited	under 14
(Exception — Child 12 on permit if orphan or has widowed dependent mother. Only 42 such permits issued Jan. 1st to Sept. 1st, 1924.)			
Idaho	.....	Entirely prohibited	under 14
Illinois	.....	Entirely prohibited	under 14
Indiana	.....	Entirely prohibited	under 14
Iowa	.....	Entirely prohibited	under 14
Kansas	.....	Entirely prohibited	under 14
Kentucky	.....	Entirely prohibited	under 14
Louisiana	.....	Entirely prohibited	under 14
Maine	.....	Entirely prohibited	under 14
Maryland	.....	Entirely prohibited	under 14
Massachusetts	.....	Entirely prohibited	under 14
Michigan	.....	Entirely prohibited	under 15
Minnesota	.....	Entirely prohibited	under 14
Mississippi	.....	Entirely prohibited	under 14
Missouri	.....	Entirely prohibited	under 14
Montana	.....	Entirely prohibited	under 16
Nebraska	.....	Entirely prohibited	under 14
Nevada	.....	Entirely prohibited	under 14
New Hampshire	.....	Entirely prohibited	under 14
New Jersey	...	Entirely prohibited	under 14
New Mexico	...	Entirely prohibited	under 14
New York	...	Entirely prohibited	under 14
North Carolina	.....	Entirely prohibited	under 14
North Dakota	.....	Entirely prohibited	under 14
Ohio	.....	Prohibited	under 16
(Exception — Child 14 outside school term.)			
Oklahoma	.....	Entirely prohibited	under 14
Oregon	.....	Entirely prohibited	under 14
Pennsylvania	...	Entirely prohibited	under 14
Rhode Island	...	Entirely prohibited	under 15
South Carolina	.....	Entirely prohibited	under 14
South Dakota	.....	Entirely prohibited	under 15
Tennessee	.....	Entirely prohibited	under 14
Texas	.....	Entirely prohibited	under 15
Utah	.....	Entirely prohibited	under 15
Vermont	.....	Entirely prohibited	under 14
Virginia	.....	Entirely prohibited	under 14
Washington	.....	Prohibited	under 14
(Exception — Child 12 on permit of superior court judge in case of poverty.)			
West Virginia	.....	Entirely prohibited	under 14
Wisconsin	.....	Prohibited	under 14
(Exception — Child 12 during school vacation.)			
Wyoming	.....	Entirely prohibited	under 14

TRANSPORTATION AND MERCHANDISING GROUP CONFERENCE

The morning group conference on Transportation and Merchandising was presided over by Mr. Raymond L. French, Chairman of the Association's Traffic Committee. Mr. French welcomed all members of the Association and invited guests who were present and then introduced Mr. William H. Chandler, manager of the Transportation Bureau of the Merchants Association of New York, who addressed the meeting on the subject of the "Eastern Class Rate Investigation."

Mr. Chandler

For the benefit of those present who are not traffic men, I would like to say that you are confronted with one of the greatest readjustments of rates that has ever taken place in the territory north of the Ohio and Potomac and east of the Mississippi River. Whether or not you are going to be able to compete in Western territory (that is, the Mid-West or the Far West) depends upon the satisfactory settlement, from our standpoint, of this case.

The difference between the New England rate and the rate from your competitor in the West to the consuming market is a much larger factor in competition than most New England people seem to realize. When I first went to New England with the Boston Chamber of Commerce it was very difficult to get any New England manufacturer to take any interest whatever in the rates that were applied to his goods. He said, "The customer pays the freight; I have no interest in it."

After ten years of rather hard work I succeeded, I believe, in waking some New England manufacturers to the necessity of looking after their freight charges, whether they paid them or not.

The Western manufacturer tells his customers further West that he has as good a product as anybody on earth, that it can be secured from him quicker than from any other market, and that the freight charge is substantially less than from the Atlantic Seaboard. That has an effect and is one reason why it is very difficult for us to do any business in what is known as Inter-mountain territory on commodities which are substantially the same as

those made by the people in the West. Of course, no one in New England will admit that goods equal to New England's can be made anywhere else — and there is a good deal of truth in that statement. There is no question but that there are people in this country who will pay a premium to secure New England goods, but how long will they continue to do so?



W. H. CHANDLER

The present proposal contemplates the increase of the rate from Boston to Chicago, and that means all over New England, from \$1.42 to \$1.61. That does not seem much, but \$3.80 a ton is a substantial advance, and the total increase that either you or your customers would have to pay would be very difficult to calculate without having the tonnage figures. This is not only going to affect you in your distribution in the Far West but it is also going to increase your rates to New York City. It may not increase some rates, those for example from points

near to New York but it will increase the rate from eastern Massachusetts to New York and it will also increase your rates to points beyond the Hudson River.

The New England railroads said, when they were trying to get their divisions recast, that if they could apply the Anderson scale to the Hudson River it would give them \$800,000 a year additional without taking into consideration any of the overhead business that moves from New England to trunk line territory east of Buffalo and Pittsburgh, and there is a very substantial amount of business moving between that territory and New England. There is very little business moving locally to Albany and very little moving from points east of New Haven to points west of New Haven on the New Haven Road, so that \$800,000 would mean for practical purposes New York business.

You can readily appreciate what the increase would amount to if you take into consideration all of the business that moves between trunk line territory and New England. I would not hazard a guess for it might be a million dollars or it might be five million, in any event it would

be an appalling sum.

I do not see how an increase can possibly be avoided to New York City and to trunk line territory. Bear in mind one thing, however. This investigation which has been started by the Interstate Commerce Commission and started for the purpose of eliminating Fourth Section violations in trunk line territory, will result, I think, without question, in a mileage scale of rates. The investigation covers all of official classification territory, and it would not astonish me if the Interstate Commerce Commission should prescribe a master scale of class rates on a mileage basis for application within the entire territory, giving certain sections like northern New England, northern New York, northern Michigan and may be Virginia a slightly higher scale or scales. At the present time you have in New England the "B" scale of Central Freight Association rates for application within "A" territory in New England, or to put it in another way, you have the Michigan scale of rates which is higher than the standard scale in Central Freight Association territory for application within southern New England where the traffic is most dense. In northern New England you have a differential over that.

It is quite probable that the Commission will fix a scale of mileage rates for general application between the Hudson and the Mississippi, and it may be between Boston and the Mississippi. That is only a guess, but it does not seem reasonable to me to expect that the Commission is going to make two or three arbitrary divisions of territory for the purpose of making rates. We have the Central Freight Association scale up to the Buffalo-Pittsburgh line, and the Anderson scale east of the Hudson. To put a third and different scale in trunk line territory, it seems to me, would result in patch work.

At a meeting held on the thirteenth of this month the western shippers started off by saying that this was a trunk line-New England territory fight, and that probably it would be well if the rates from this territory to the West were substantially increased as that would make it more difficult for the manufacturer in New England to do business in the West.

What we have proposed to do is to get together representatives of the Chambers of Commerce, the New England Traffic League and Boston Chamber of Commerce, and the Chambers of Commerce in trunk line territory along the Eastern seaboard, hire counsel, employ rate experts to work up any exhibits that

the counsel wants, be on the job during all the hearings, and do our best to get a scale of rates that will be fair to the railroads and at the same time fair to the shippers.

I can scarcely believe that the rates which the carriers have proposed are submitted in good faith, I will say in entire good faith. They have asked for a very substantial increase which I do not believe they think they are going to get. They have taken the rates to the West, kept the fifth class rate the same as at present, reduced the sixth class rate slightly, and have advanced the first four numbered classes and Rules 25 and 26. In other words, the first six classes are to be increased; the seventh class, which will be the fifth if they are numbered as they are numbered now, is to remain unchanged, and eighth (present sixth) class is to be slightly reduced. Of course, if something better is not put up, and if there is no opposition made to this increase, it may go through, but the question is, do the manufacturers and the people of New England, who would be adversely affected by this adjustment, want to protect their interests, or do they want to say, "There is nothing to be done; we will just let the thing go through?" I am sure you don't want to take that attitude for you never have in these big rate cases. New England has gone into these matters I think a little bit more enthusiastically than the people in New York.

We have organized our committee and we have made arrangements to employ counsel. We are not going into this thing to spend a lot of money, but we are going to ask the shippers who will be directly affected to contribute a small sum. If the expense of counsel and other expenses do not reach the figure that we think they may reach, what is left over will be refunded. There will be no waste and I believe that we can get through for less than \$20,000. The case is likely to last a year and if the different communities that will be affected insist on having hearings held all over this territory it will cost more. I understand that the Governor of Maine has written to the Interstate Commerce Commission urging that a hearing be held in Maine and the Chicago people want one held in Chicago. If we have them in Washington, however, the expense will be considerably less and the record will be kept much clearer than it will be if we travel all over the country.

The point to settle is whether you are going to support an organized movement, hire your own counsel, or let the thing go by de-

fault. To this there is of course but one answer. It will cost a great deal of money for each community to hire its own counsel, and there is no need of this when all communities can combine and make the burden on each very much less. The representatives of your organization who have talked with us have assured us of your cooperation and we hope to get it.

Mr. J. F. Atwater (American Hardware Corporation, New Britain):

You spoke about reductions in the sixth class rate. Is it not true that there is very little sixth class stuff moving in or out of New England that would be benefited by the reduction?

Mr. Chandler:

I think that is correct, Mr. Atwater. I might have mentioned that class rates only are under investigation in this particular proceeding before the Commission. When these class rates are fixed, you may rest assured there is going to be an effort made to get rid of some of your commodity rates. The Interstate Commerce Commission, in my opinion, will prescribe more than six classes when it prescribes a scale of rates. In the Southeastern investigation, it prescribed twelve classes. There is no need for two of them because they are not provided for in the classification. I expect in this particular case to see the Commission establish ten or twelve classes, all related to the first class, and I expect eventually to see a great many commodity rates taken out of the special tariffs and provided for in either the class rates, as fixed by the Commission, or percentages of those rates.

Mr. Atwater:

You raise a point, there, Mr. Chandler. I have heard some of the traffic men speak on this matter, in fact, some men who have practically all commodity rates. They did not consider that they would be affected by this. Do you not really believe that this is going to develop, as you state, into a ten class scale of rates, or something of that kind, and then those who have the commodity rates at present will be affected just as much as those paying class rates?

Mr. Chandler:

I don't think there is any question about that. I believe the tendency is all in that direction. Commodity men, in my opinion, are just as much interested in this class rate readjust-

ment as the men who ship entirely on class rates.

Mr. F. P. Usher (Hart & Cooley Co., New Britain):

If these rates are increased as you expect they will be to a certain extent, will that affect all the raw materials such as iron and steel, for instance, coming from Pittsburgh into New England, as well as our articles going out?

Mr. Chandler:

There is no question but that your rates on raw material, if it moves under class rates, will be affected sooner or later, and just as soon as the carriers can get to them. It would seem to me foolish for them to do anything else. Why should the carriers carry these numerous commodity tariffs between almost all points where steel is either manufactured or fabricated, when they can get more revenue and have a better related structure if they use the class rates made on a mileage basis?

You might say, "A mileage basis will disrupt relationships and we will be put out of business if we don't have the same relationship with this or that manufacturer that we have had for years past."

That was said all during the hearing in C. F. A. territory and discarded by the Commission and I don't know of anybody who has been put out of business because of being on a mileage basis. Of course, readjustments had to be made. You will probably have to make readjustments in your prices and in your cost of manufacture whenever you run up against any unusual conditions. That is a matter that the manufacturer or the cost man has to meet from time to time. You will have to do the same thing when these rates are adjusted, and you will have to pay more attention to the effect they will have on your customer, and you will have to pay more attention to the effect they will have on your cost, too.

Mr. W. H. Pease (Bridgeport Brass Co., Bridgeport):

There is no mention made in these rates of differentials by water to the West and through Canada. What is your idea of the effect this will have on those?

Mr. Chandler:

It would not astonish me in the slightest to see the carriers make one more effort to get rid of differential rates, that is to say, have the Commission prescribe just the standard rates and let it go at that, and then say that no provision was made for differential rates. Of

course, I believe the differential lines will be on the job, but it is just a question of how far ocean and rail lines, particularly, will be able to work into this scheme on a mileage basis.

Mr. Pease:

It seems to me I heard some one refer to there being a prospective change in east-bound rates over west-bound rates, so as to make the rates level in either direction. Do you think there is anything in that?

Mr. Chandler:

It is a very peculiar situation. West-bound, New York rates prevail, while rates east-bound are higher than New York by seven cents on first-class. Moreover, east-bound from Chicago to Baltimore the differential is only three cents on first-class, while on west-bound it is eight.

The C. F. A. people who met in Chicago on the thirteenth and fourteenth criticized the carriers for attempting, on a mileage basis to make different rates east-bound from those west-bound, and there is a good deal in their criticism. If a mileage scale of rates is to be adopted how can different rates in the opposite direction be justified? I am inclined to think that if a mileage basis of rates is prescribed you may find yourselves not taking the New York rate but a differential over New York and of course that differential will be just so many cents added to the burden of your customer who wants to buy in New England.

Mr. Eyanson:

How about the differential area down on the Gulf? Would that be affected?

Mr. Chandler:

No, that would not be affected except on business moving all rail, basing on the Ohio or Mississippi River. Texas-Oklahoma all rail shipments would be affected to the extent that the rates to the Mississippi and Ohio Rivers were increased.

Mr. J. D. Heffernan (Scovill Mfg. Co., Waterbury):

What do you feel the effect would be on the railroads if all Fourth Section violations were removed? I have in mind Boston Albany Railroad having a rail to New York, the New York Central Railroad passing through Buffalo to reach Pittsburgh. Will the short line railroads be able to handle the tonnage?

Mr. Chandler:

As I understand it, these carriers are not claiming that they are going to do away with Fourth Section violations. Carriers are asking for this readjustment because the rates in trunk line territory are in such hodgepodge. There are something like five hundred different scales of class rates in that territory I am told. They say that this revision is necessary so that the Interstate Commerce Commission will grant them relief when they put their rates on a so-called scientific basis. They are asking for a basis of rates that will enable them to do away with Fourth Section violations, and at the same time they don't propose to do away with them.

Mr. Heffernan:

What was their reason for proposing the increases?

Mr. Chandler:

This proposed increase goes back seven years. When the Commission investigated the rates on paper in trunk line territory the Commission held that the sixth class rate was the proper rate to apply but that sixth class rates were out of line from the different paper producing points and that the carriers should proceed at once to get their rate structure in shape so that the rates on paper would be properly related. They undertook this class rate investigation at the beginning of Federal control and they worked all through Federal control on it. I understand that this is about the fortieth scale of rates that the carriers have devised or proposed among themselves for trunk line territory.

Mr. Eyanson:

Have you any figures as to the amount of money this is going to cost New England?

Mr. Chandler:

It would run into the millions — there isn't any question about that — and either you or your customers would have to pay. New England would have to pay a good part of it, because a good part would be on the raw material coming in.

Mr. Atwater:

So that you may get some conception of what that will be, I might say that we have made a pretty close canvass of the situation in New Britain, and we figured it would cost us about \$300,000 a year more, that is, just for C. F. A. territory.

(Continued on page 34)

FINANCE AND TAXATION GROUP CONFERENCE

ADDRESS BY PROFESSOR F. R. FAIRCHILD OF YALE UNIVERSITY,
Taxation Advisor to the Committee on Finance and Taxation



FRED R. FAIRCHILD

of the State of Connecticut. As I have had occasion to say at similar meetings before, the only reason I have an interest in this kind of work is because I have always been made to feel that this Association was not out trying to grab everything in sight for itself, but was seeking its own interests as part of the interests of the state as a whole, and that the things which this Association is trying to accomplish have been such as could enlist the support of any patriotic citizen of Connecticut.

This is the kind of meeting that I like to talk to. It is like a meeting of stockholders coming together to consider the finances of their company. I believe that if more of our important and influential groups of citizens would meet like this once a year, and have somebody pass in review before them the financial condition of the state, that finances would improve and the state officials in charge of finances would feel encouraged. I believe,

What little I have been able to accomplish as the tax advisor of this Association has been due to the excellent quality of the Committee on Finance and Taxation and the public spirited position which this Association has always taken in connection with matters affecting the finances

too, that there would be less recrimination and suspicion and fault finding on either side.

It happens that the condition of Connecticut is most excellent, which is another reason why it is a pleasure to talk to you today. Some of you have heard this talk of mine one, two, three, or four years previously, and I feel a little embarrassed in dishing up the same provender each year; but at least we are able to add one year to the record and bring it up to date, and there will be some observations a little different from what I have made on previous occasions.

In Chart I, I have plotted the revenues and expenditures of the state, beginning with 1907 and ending with the fiscal year just closed June 30 last. In getting these figures I have taken some liberty with the official reports and they indicate a combination of the general fund of the state and the sinking fund. Thus, revenues include all of the revenue receipts of the State Treasurer, plus any net receipts of the sinking fund. By the latter I mean the interest received from the sinking fund less interest paid out by the sinking fund. The premium on state bonds sold above par and the discount on state bonds bought below par represent an income. On the other hand, expenditures represent the civil list orders of the controller paid by the treasurer, plus any other items of expense which

are not met in that way — interest on the school fund balance, for instance. They include also any discount on bonds issued or any premium on bonds retired. Issue of bonds or payment of public debt at par does not count either way, nor does payment from the general fund into the

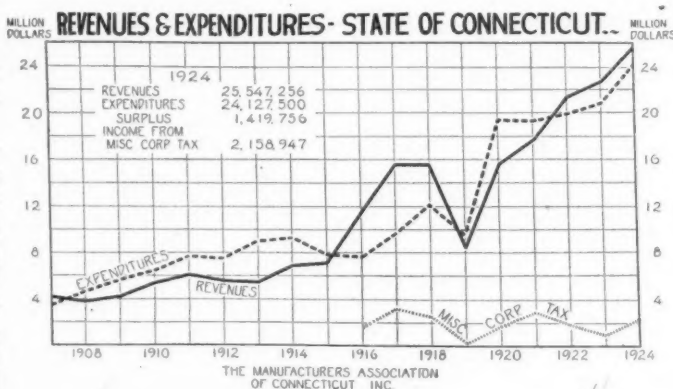


CHART I.

sinking fund, or vice versa.

All this shows exactly how the state progresses from year to year; and should information on any particular time be desired a cross

section shows the exact condition then.

I should say in explaining this chart that, as you all doubtless know, the year 1919 is the one in which the fiscal year of the state was changed. Formerly the fiscal year ended

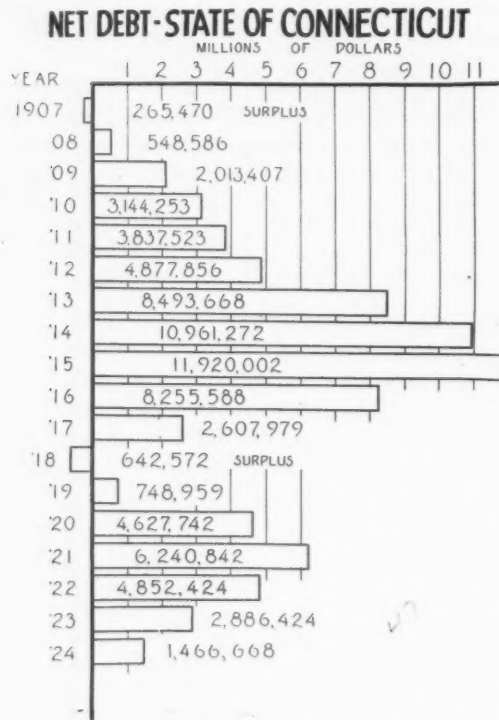


CHART II.

September 30 but in 1919 it was put back to June 30. Some of the most important sources of state revenue come between that period of June 30 and September 30, so that in that one year certain sources did not appear at all; for instance, the tax on miscellaneous corporations. In tracing that curve, the notch in 1919 should be disregarded for there was no real drop in state revenues and expenditures at that time.

Starting back in 1907, you will see that there was a year in which the revenue slightly exceeded expenditures. In any year the difference between these two curves will show the deficit or surplus of the year. The period from 1908 down to 1915 was a period of deficits regularly recurring; deficits which, of course, meant the accumulation of a net debt. If you will compare this with Chart II, which shows the net debt of the state, you will see the effect on the financial condition of the state.

The net debt is not the total funded and floating debt of the state. It is such total debt less

sinking fund assets and cash on hand in the treasury. It is an actual striking of a balance to show the condition of the state at the end of each fiscal year.

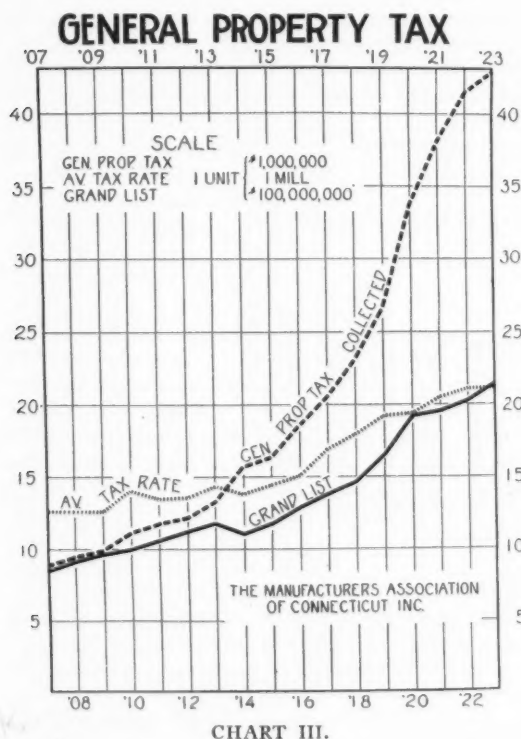
In 1907 the state was out of debt and even had a small surplus. The next year it had accumulated a net debt, a little over half a million, and so, as that deficit went on from year to year, the net debt increased until it amounted to practically \$12,000,000 in 1915. That is a period in which the legislature was unable to make both ends meet and expenditures went on year after year without revenue sufficient to meet them. Beginning with 1915 came a remarkable period of surplus revenues. That was the period of the war, when business on the whole was prosperous. New tax measures such as the gross earnings tax on railroads, the public utility tax, the tax on stock insurance companies, and other measures were put into effect, while economy in expenditures kept that curve down fairly level in 1916. While expenditures rose from 1916 to 1918, revenues also rose sufficiently to provide a large surplus up to 1919. The result of that surplus was that the net debt was slashed off in large sums. In 1918 we had wiped out the debt entirely and had a surplus of over half a million, a rather remarkable record in state finance. With 1919 the deficits appear again. While they were not heavy, at least in any year except 1920, they still were material and the net debt began to pile up, reaching six and a quarter million in 1921. From 1921 to the present there has been again a surplus and the net debt from six and a quarter million has come down to a little less than one and a half million on June 30, 1924. Another year at that rate will practically wipe out our debt.

That is a record of which the state ought to be proud. It does not seem to me there is anything to be ashamed of in having a small state debt. It is, of course, impossible, even with a better budgetary system than most states have, to make revenues and expenditures of a great state exactly meet every year. Revenues go up and down with business conditions which cannot be foreseen and expenditures also are more or less subject to changes that cannot be foreseen, so that it is a perfectly natural and healthy condition to find a state with a small debt from time to time. What would be unhealthy would be to see that bar extending longer and longer every year for fifteen or twenty years. That would mean that the state was running behind, and would show irresponsible management somewhere. When the

debt goes up for a few years and then is wiped out, we have a perfectly healthy condition, one for which no apology need be made, and which should be a matter of pride to every public spirited citizen.

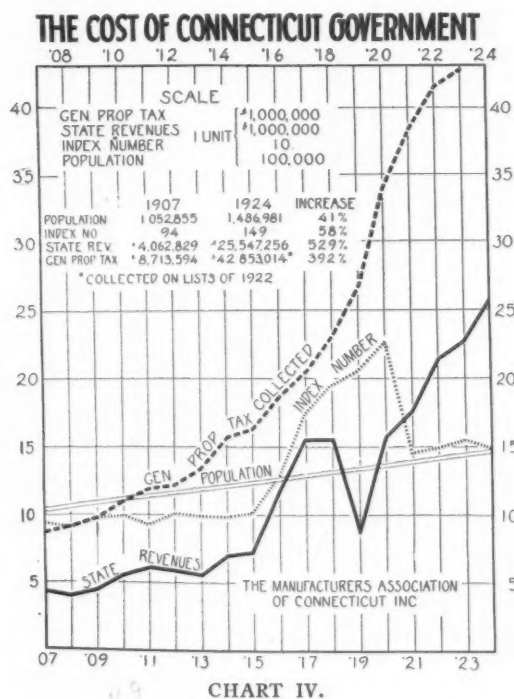
Referring again to Chart I, the little dotted curve represents the amount of state revenue coming from the tax on miscellaneous corporations, which is the one in which we are especially interested. You remember it went into effect first in 1916, when it yielded a revenue of a million and a half dollars. The next year it reached the high point of three and a quarter

is the general property tax. Chart III shows the broad facts about this. Starting with about eight hundred million dollars in 1907 the grand list, as represented by the heavy black line, got up to a little over two billions in 1923. The average tax rate, starting with thirteen mills in 1907, has gone climbing up pretty steadily until it is now twenty-one mills. Of course the general property tax collected is practically the product of these two, although it includes also the personal tax. That is the reason for the very steep curve from less than nine million dollars in 1907 collected on the lists of 1906,



millions. In 1918 it produced two and a half millions; in 1919 practically nothing, owing to the change in the fiscal year, previously spoken of; in 1921 almost three million dollars; in 1922 a little less than two million; in 1923 a little less than one million. The year 1924 showed a big recovery, climbing back to \$2,158,945; and 1925, I am able to tell you the figure, will be about \$2,577,715. That is the amount that was certified as due and has already been paid but it does not go into the statistics until the fiscal year 1925.

We are also interested in the finances of the towns. The one great source of revenue there



up to nearly forty-three million dollars in 1923, collected on the list of 1922.

That very great increase is, of course, subject to some correction on account of two important factors. One is the growth of the population of the state. A state which is growing in population and wealth and enterprise would naturally expect to find an increase in the cost of government and in the taxes necessarily levied. A still more important consideration is the rise in prices which has been going on at a very rapid rate all this time. Those two factors must be taken into account before passing judgment or drawing any critical conclu-

sions from such an increase in the cost of government.

These corrections, of course, apply also to the state finances and expenditures, which show an extraordinary increase. From the neighborhood of four millions in 1907 they are now twenty-five millions and a half. In other words the cost of running the State of Connecticut is about six times what it was in 1907. In seventeen years it has multiplied six fold. The cost of running the towns has increased almost as fast, for it has gone from eight million to forty-three million dollars.

To show how much of this increase is real and how much is simply on account of the rise in prices, which latter of course would make the same service of government cost more, Chart IV has been prepared. The general property tax is the same curve shown on Chart III. The double line shows the growth of population, going up from a little over one million in 1907 to a little less than one million and a half in 1924. Then, population increased 41%. If the cost of government had increased 41% that would have represented no increase per capita, of course. The index number, which is the number of wholesale prices, furnished by the United States Bureau of Labor, ran along very nearly level until 1915. (The base is 1913 — 100.) Then began an enormous rise, during the war period, to 226 in 1920. After this came a sudden drop and it then became level again from 1921 to 1924. It now stands at 149, which is the average of the first eight months this year. The index figure during this period has gone up from 94 to 149, an increase of 58%. Other things being equal, an increase of 58% in the cost of government would no more than match the rising price level. In other words, that much of an increase would be essential in order that the state might provide the same service it rendered at the previous date.

These are very important corrections, for they show that this great increase in state gov-

ernmental costs is not really so great as it appears.

We have in Chart V, one on which these corrections have been made — a chart just a little more complicated than the others. The cross hatched block represents the cost of government in Connecticut. That combines the revenues of the state with the amount of the general property tax collected in each year and is reduced to a base of 100 in 1913. We have also corrected the quantities for changes both in population and in price level.

The black bar is for comparison and represents income in the United States. These figures were compiled by the National Industrial Conference Board and the National Bureau of Economic Research of New York — two very able bodies, whose compilations can be taken with full confidence. These have also been corrected in the same way for increase in population, and for the change in the price level. For example, the doubling of apparent national income, while at the same time the cost of everything had also doubled, would not mean any real increase in the en-

joyments to be obtained by the people. Both have, therefore, been corrected for the two factors, the population increase, making the figures per capita, and also for the cost of living, making the dollar in 1924 represent the same purchasing power as in 1907.

Starting with 1910 the cost of government as the chart shows, rose steadily to 1915, then dropped very materially to 1917 and in 1919 it was back just about where it was in 1913. This shows the effect of the corrections, since the figures on Chart IV indicate that during the period between 1913 and 1919 the cost of state government was rising greatly and so was the amount of the property tax. Then there came a sudden big rise in 1921. In 1922, the latest year for which all the requisite data for these calculations is available, the cost of government was about 170 as compared with a base of 100 in 1913.

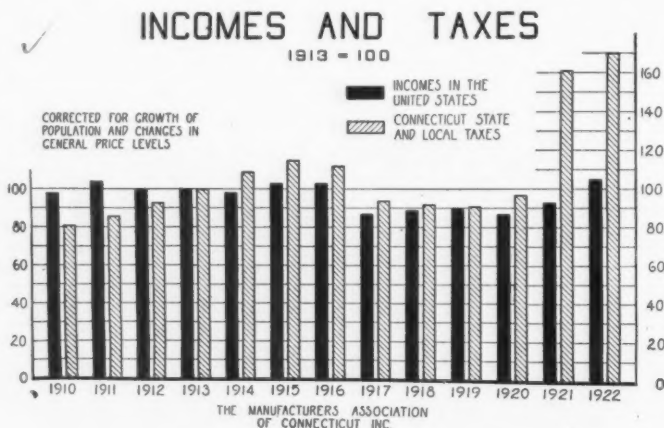


CHART V.

We may say then that government costs 70% more in Connecticut than in 1913, and about double what it did in 1910. This is a "real" increase, after due allowance is made for everything else, and is very significant. It means that a larger part of the earnings of the people of the state is going toward the cost of government and a smaller part is left to the citizens to spend on other things. The cost of government is one of the chief necessities of life today. There are few necessities that would rank much ahead of it. It is estimated that throughout the United States as a whole the average citizen works about one month and a half out of twelve just for the privilege of being governed. There are not many other items in the domestic budget that take a month and a half's income. I leave you to draw your own conclusions. Here are the facts. They are facts which every citizen should know and have in mind when he is thinking about problems of public finance.

Chart VI represents the way in which Connecticut appears as regards its net debt, compared with other states. My data are from reports of the United States Census Bureau, covering only the period from 1915 to 1922. As the calculations are made on a little different basis from mine there is a certain margin of error, so slight however that the general broad effect is not impaired. The black bars represent the per capita net debt of Connecticut in each of these years. Starting in 1915 it was \$9.55; it dropped down to a small surplus in 1918; rose again in 1921; in 1924 dropped again to a little less than \$1 (99 cents to be exact) per capita. The other bar represents the per capita net debt of all the states of the United States. Whereas the net debt of Connecticut has come down during all that time, the net debts of the states of the Union together have been rising pretty steadily. In 1922 they had mounted to something over \$8. During the period from 1915 to 1924, while Connecticut has been paying her debt, getting it down to less than \$1 per capita, the other states as a whole have been increasing their debts, so that these have risen from a little over \$4 to a little over \$8 per capita in 1922. Data are not available for 1923 and 1924 for the rest of the country but I happen to know that the states have been borrowing at such a rate in the last two years that corresponding data would almost certainly show these white bars continuing to rise in 1923 and 1924, probably up to \$9 or \$10 at the present time.

Some other figures in this connection may interest you. In 1922, five states were better off than Connecticut in net per capita debt: Indiana, Wisconsin, Iowa, Florida and Texas had net state debts of less than \$1 per capita. On the other hand the combined debt of the New England states was \$14 per capita. In Mas-

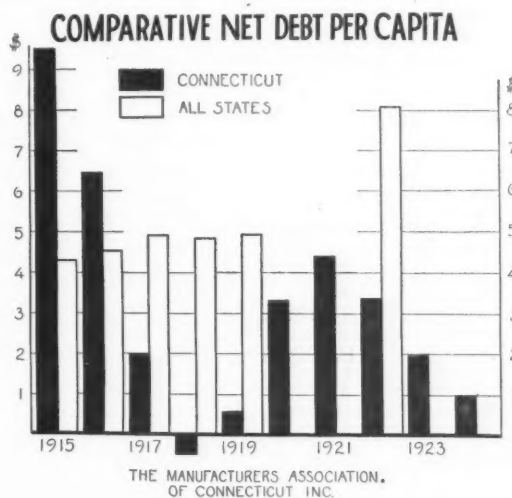


CHART VI.

sachusetts it was \$19. Every year the people of Massachusetts pay two and a half million dollars in interest on their debt, an item almost non-existent in the finances of Connecticut. The New York state debt is one hundred and eighty-six and a half millions, or \$17.50 per capita, over \$11,000,000 paid every year in interest charges. In South Dakota, the net debt is \$22 per capita; Delaware, \$25; Utah, \$19; Nevada, \$20; Oregon, \$48; California, \$26. These figures show the relatively favorable position of Connecticut.

You are naturally interested in recent tax legislation. This has been an off year when the legislature was not in session, and the committee has not been very actively engaged in legislative matters. In 1921, however, there were certain important changes. Rates under the inheritance tax were raised, or rather, the classification was lowered. The admission tax, the gasoline tax and the tax on gross receipts of unincorporated business concerns were enacted. Changes were made in the tax on street railways, the tax rate being reduced from $4\frac{1}{2}$ to 3%, and provision made for suspending payment of unpaid back taxes, and paying them later. The state tax on towns was raised from \$1,750,000 to \$2,000,000 and the tax on miscellaneous corporations was changed to pro-

vide a minimum tax of \$20, and a penalty of \$5 for failure to make return.

In 1923 there was a slight change made in the admission tax; fuel used in motor boats was removed from the application of the gasoline tax; administrative features of the inheritance and unincorporated business tax laws were strengthened; the state tax on towns was reduced from \$2,000,000 to \$1,500,000; deduction for losses of previous years was denied miscellaneous corporations, the latter the most serious unfavorable change in tax legislation in the last few years, affecting your interests, and the minimum tax under this law was dropped from \$20 to \$10.

No one knows what the needs of the state will be for the next two years, with which the legislature will have to deal this winter. Undoubtedly they will increase. This is a growing state and the needs of our state institutions grow from year to year. A moderate growth should probably be met by the normal growth of the existing sources of revenue but a very great increase might mean need for additional sources of revenue. So far as can now be seen, it does not seem to me that at the present time we are justified in considering the necessity for any great increase in the way of new tax legislation for the sake of revenue.

The really weak spot in the Connecticut system is the local situation. Two things are to be mentioned here. One is the inefficient way in which the Connecticut towns as a whole keep their accounts. Their accounting systems are something to be ashamed of. There are, of course, exceptions, some quite glorious exceptions among certain cities and towns, but taken by and large, town records are inefficient. They neither show actual conditions nor what it is costing to run the towns and they make it impossible for one town to compare its finances with those of another town. It is a situation which strikes at the very root of intelligent judgment of public finances. It is a situation which has been corrected in states like Massachusetts, New Hampshire and others. It is perfectly capable of correction here and I feel very strongly that it should be corrected.

The weakest spot of all is the general property tax. It is high time, it seems to me, that every American citizen knew what a ridiculous farce the American general property tax is. It has gone through a certain history in most of the countries of the world, and has long ago been abandoned by every country except America and Switzerland. Switzerland is far better taxed than we are. Their rates are low

and administration is better than ours, but, even at that, every European writer on public finance speaks of the general property tax discovered in the wilds of America and the little cantons of Switzerland as they would speak of head hunting in Africa or of other relics of barbarism. That is the way it is regarded by tax students, yet we go ahead as though this was a glorious American institution which perhaps needs a little tinkering or patching here and there, but is after all the best thing that the mind of man has devised. A tax system that has a margin of error of 80% or thereabouts does not work very well. Supposing you had to appraise your inventory for the purpose of securing a line of credit or for some other purpose for which you must know the exact facts. To whom would you turn? To the town tax assessor, of course! He is the man who is doing that work and he should know. You ask him to make an examination and report and probably the way he would do it would be to go in one door and out the other, just glancing here and there as he went through. I have heard assessors testify in court that that is the way they do the work. Of course such a performance would be a joke as an appraisal, yet it is by that sort of process that \$43,000,000 are levied against Connecticut citizens every year.

This affects you manufacturers because, in the first place, you are citizens like everybody else and you are all interested in tax burdens and in whether or not you are getting your money's worth. It also affects the competitive status of manufacturers in different towns. Nothing can correct this except an honest tax system in the towns and it is certain that the situation cannot be allowed to continue very much longer. Bridgeport is evidence of the fact that something is likely to happen any time and anywhere.

There are two possible remedies for this condition. One is to make the assessment of the property tax a real appraisal, giving an honest, accurate statement of the worth of the taxable property. It may be that can be done but I very seriously doubt it. If it is not done however, the farce continues if an effort is made to tax that kind of property. The other remedy is to give up the attempt to tax property which experience has shown cannot be accurately assessed. That, of course, relates primarily to personal property, and especially to the inventory of goods and materials of manufacturers and merchants.

I am not here urging any tax program. Your

committee has not been out urging any tax program and is not doing so now. It is rather gathering facts in order that, when any program comes up, it may intelligently face the situation. I am simply calling your attention to these facts, without making any recommendation at all but it does seem to me that the time is coming when you must face them and think about them so that you will be prepared to act intelligently in your interests and in the interests of the state when the occasion arises.

Question: What is the per capita tax in Connecticut, as compared with the other states?

Professor Fairchild: I have not worked out the per capita tax of other states. I have a few figures here of their total taxes, which I secured in order to show how the burden has been increasing.

The cost in the State of Connecticut is about six times what it was in 1907, 529% higher to be exact, and local taxes are five times what they were before. For other states I have some comparative figures going back to 1902. The data are hard to get and are not quite comparable. They show that the total cost of state government throughout the United States from 1902 to 1922 increased 514%, agreeing very closely with the increase in Connecticut during that time. From 1915 to 1922 the increase was 153% and would be less than the increase in Connecticut.

Receipts from revenue for the whole United States in 1922, for state governments, were one billion one hundred and fifty-nine million dollars. Assuming the population to be one hundred and ten million, that means about \$10 per capita. Connecticut with twenty-five and a half millions now and a population of about a million and a half, figures out about \$17, roughly one and two-thirds times the cost throughout the United States as a whole. Of course that does not indicate that Connecticut is an extravagant state, because the wealth per capita in Connecticut is vastly greater than in most of the other states. To get the real comparison one should know what part of the income of the citizens of Connecticut goes to cost of government as compared with other states. That would require correction as to state wealth. I am inclined to think that the wealth of Connecticut, as compared with the rest of the country, is probably in excess by fully that margin.

Question: Does the analysis show, for the

last two years, to what that increase in taxes has been due?

Professor Fairchild: The increase is due simply to the growth in the sources of revenue. It is the normal, natural growth of the state. I can give you some figures showing the sources of state revenue in the order of income derived, as follows:

Motor vehicle fees	1924	\$4,867,936.92
	1923	4,128,396.22
	1922	3,314,030.39
	1921	2,035,090.10
Miscellaneous corporations	1924	\$2,158,947.40
	1923	858,499.08
	1922	1,930,308.68
Inheritance tax	1924	\$1,960,627.95
	1923	2,573,704.31
	1922	2,327,809.26
Steam railroads	1924	\$1,827,074.91
	1923	1,744,506.51
	1922	1,847,258.64

Street railways are back on their feet and there is a net gain of about a million and a quarter in two years right there.

The savings bank tax brings in a little over a million dollars whereas it has been running a little under a million for several years past; the state tax brings in one and a half million dollars and state departments and state institution receipts — a sort of a catch all — aggregated \$1,254,416.69 in 1924.

The increase in revenue for the past two or three years therefore does not mean any new tax legislation or new taxes added, but represents only the normal growth of the tax system.

Question: Could expenditures be kept down by refusing to grant additional revenues?

Professor Fairchild: The stock authorities on finance in writing textbooks always say that public finance differs from private in that in public finance expenditures are first determined and then the revenues are made to fit; whereas in private finance that privilege is not enjoyed, but instead, expenditures are made to fit revenue. Of course that is a pretty broad statement and is too extreme. As a matter of fact, the state does have the power to raise money needed to meet expenditures within reason and it can run behind and have a debt for a number of years. On the other hand, the ability of the state to raise revenue is a check on expenditures. If the legislature has unlimited revenue it will find ways to spend it. On the other hand the state can be starved by failure to provide revenue. If the people

want certain things done and their representatives concur, the money to pay them will of course be found.

Question: The miscellaneous corporation tax is possibly 10% of the total state revenue of \$25,000,000. Does your data give you the information as to what portion of the \$43,000,000 derived from the town property tax is paid by miscellaneous corporations?

Professor Fairchild: We have not sufficient data now to give that. In 1916 I made an investigation for the State Chamber of Commerce, which sought to determine that. It happens—it is no betrayal of confidence to tell you—that the Taxation Committee of the Manufacturers Association is just now starting an investigation for the purpose of gathering data to answer exactly your question, particularly with reference to personal property. We should like to know, in case the question came before us suddenly, what part of the general property tax, especially upon personal property, is borne by the miscellaneous corporations.

Question: Has this increase in expenditures in the state been due in part to widening of the functions of the state, as it has in other states, as well as its normal enterprises?

Professor Fairchild: I think it has been due in part to widening functions of the state. The principal item of expenditure is the highway department, for the State of Connecticut, as you know, has gone very heavily into highway building and improvement. State institutions take a very large sum. There, I think, it is not so much an extension of the functions of the state, but rather the improving and intensification of the functions already existing. I should say off hand that the principal cause of the increase in expenditures is rather the speeding up of functions already undertaken than the addition of entirely new functions. The figures which I gave you showed increase in expenditures all over the United States to be just about the same as for Connecticut.

Mr. Guy P. Miller: There is one matter that I would like to call to the attention of this group because we will not have time to go into it in any detail at the general meeting. Professor Fairchild has already referred to the general property tax and the local taxation situation. We have a very live, energetic Commissioner now in the capitol and he has been carrying on the first of a series of investigations which the law allows the Tax Commissioner to undertake, in order to determine the true facts in relation to the taxation and assess-

ment of property. The investigation was started in Bridgeport and that city may be held up as a horrible example in the next legislature. I imagine that when he comes to the other towns that he will find very much the same condition existing and that brings up the question of what the remedy will be. Undoubtedly the Commissioner will make some recommendations to the next legislature for changes in the tax laws, in the first place because of the interpretation of those laws at the present time. They are interpreted by local assessors to suit themselves in every one of the towns in the list. There is no central authority for interpretation and the question will doubtless arise as to whether or not there should be some interpretation of the law otherwise than by the courts. The taxpayer has an appeal to the courts now, of course, but a great many real fundamental questions have never been legally adjudicated, such as the method of assessment of personal property of manufacturers. No one in the state knows today the legal basis of assessment of inventories of machinery. We have the one decision of the Underwood case, which was a settlement of the method of arriving at the value of the real property but that did not go into the question of personal property. This is a matter of more general interest to the State Association than it has been heretofore and the local taxation burden is so much greater in proportion to the state burden that I think all of the members of the State Association should be thinking about it and considering what procedure will help distribute that burden more fairly.

Mr. Blodgett had perhaps a dozen or fifteen hearings in Bridgeport and I believe it is his intention to hold hearings elsewhere. The result of those hearings has been to show how entirely unfair the distribution of the burden is at the present time and also how impossible it is, even with the best intentions, to administer some of the laws fairly.

REPORT OF THE PRESIDENT

The report of President Hubbard given at the Annual Meeting will be issued at an early date in pamphlet form.

INDUSTRIAL RELATIONS GROUP CONFERENCE

" APPRENTICESHIP TRAINING IN CONNECTICUT "

Address by *HOWELL CHENEY*

Chairman of the Educational Committee of the Open Shop Conference of Connecticut

My subject perhaps might be best introduced by a remark I heard in the lobby a while ago — "Apprenticeship? There ain't no such thing!" Possibly that reflects the attitude of many industrial employers who are running shops where a very high degree of automatic machinery is used.

I am, however, going to bring before you the situation in the building trades. The general character of building trades is exactly what it was in the days of old, i.e., it is a hand trade. It is true that the developments in hoisting and staging machinery have eliminated some of the heavy lifting, but it is today essentially a hand trade. The conditions under which it is pursued have not radically changed in the last three generations.

Here is a large industry in which the introduction of automatic machinery has not affected the conditions under which the trade is pursued. Why, then, we ask, did apprenticeship training disappear in this field?

It is not very hard to trace the reasons. We had before the war a constant influx of labor from abroad. That labor contained a very large and very satisfactory proportion of skilled labor, men who knew their trades and who had learned them under the more exacting conditions that ruled in European fields. Coupled with a very steady and ample supply of labor, we had a very high turnover of labor, particularly in the building trades, which are always affected by their seasonable character. As long, therefore, as we had an ample supply of labor and were faced with a turnover of two hundred or three hundred per cent, there was no reason adequate to persuade employers to spend great amounts of money in the training of employees.

War conditions imposed more and more restrictions. The control of the unions tightened until in the mason's end of the industry it probably approached to a control of about ninety-five per cent of the employees. With that went

more and more exacting restrictions, until the conditions culminated in a general scandal as shown at their worst in New York City building operations.

With the end of the war a significant thing occurred and one that has produced a very radical change in the situation. The restrictions on immigration became not theoretical but actual, and increased to an extent that we had hardly anticipated, or had in the past generation made any effort to protect ourselves against. So now we are without a sufficient labor supply. For a generation we have brought little new blood into the industry. We have now a condition in which a trade of vital importance not only to the community at large but to industry, has not the seeds of reproduction within itself, is not feeding from within, and is not creative in the sense that it reproduces its own members.



HOWELL CHENEY

Perhaps you think this is theoretical, but if you had sat in with a group of painters, as I did some time ago, you would have seen from the attitude and anxiety of both closed and open shop men that this industry is faced with a situation it never faced before. Unless it can find some means of feeding its own life, a very serious crisis is before it.

There is the condition within the trade. What is the effect of public opinion upon it?

The most effective voice for the public mind in this particular is the public school. The public school in America is thoroughly imbued with the spirit that a general and cultural education is going to best advance boys and girls to the social position that seems in their minds most desirable.

Go to your superintendent of schools, to your grammar and high school teachers, and you find them voicing the opinion that whatever they can do to continue a purely cultural education and to keep the boys out of the trades and industries is not only their duty but really their mission. I am sure I am not exaggerating

that point of view. It was emphasized recently by a school superintendent who said, "Yes, we must have the continuation schools and trade courses because of the defective and subnormal children."

With immigration restricted and cut off, we must look for our new blood to what is coming from the public school. If the supply we are going to get is only the subnormal and the defective children, then it is a rather gloomy and discouraging prospect. This attitude is not new. We have sensed it for the last two generations. But in the attitude of the American people that the "collar-and-cuff" job brings the followers of those callings a social prestige that manual trades do not, the thing presents a degree of conviction that we have not seen before.

Let us look at the boy a minute. What is the situation as he sees it?

There has been a good deal of rather unnecessary abuse and vituperation of the boy's attitude. Let us remember that these boys are exactly the same kind of fellows that we were. They are children, seeking the best that life has for them. They are not going to assume any different attitude in the aggregate than you or I would, under the same circumstances. Yet we are beginning to see that there are forces that can counteract the present tendency and restore a confidence in the dignity and value of labor for its own sake. What are the influences which will readjust conditions and restore the economic if not the social balance? They are the clearly expressed demands of the community as a whole for superior craftsmen, as expressed by the sums we are willing to pay for them.

I will refer for a moment, to a local situation. In Manchester, which is a one industry town, we have been sending eighty or ninety boys and girls into the Hartford insurance offices, where they could earn from twelve to fifteen dollars a week, and pay for their own transportation. Boys and girls of the same age, and perhaps not of the same mental capacity, are now earning at home from eighteen to twenty-four dollars, without the cost of transportation. We do see evidences accumulating on many sides that the state is going to measure its boys, if not its girls, by the value of their services. In the long run we shall have to measure the value of the various services we perform by the amount they produce. If industrial pursuits are going to pay wages twenty to twenty-five per cent in advance of the commercial callings, the matter is in line for economic, if not social adjustment. Socially

the thing can only be readjusted in proportion as boys arising out of the trades and industries become leaders in their communities as well as in the state at large.

We can assert that, if approached reasonably, the boy is susceptible to influences that show him that he has both a real opportunity and a dignified position in the undertaking; that we are not experimenting with him, and that we are carrying him forward just as rapidly and more surely than the white-collar-and-cuff jobs do.

When boys between the ages of fifteen and sixteen can earn wages of from eighteen to twenty-four dollars a week, is it not hopeless to expect that we can persuade them or their parents to isolate their efforts in an unproductive undertaking, and that we can carry them as a public charge for long periods of from two to three years in purely scholastic pursuits?

An increasing number of girls are being attracted to the high schools, especially of the commercial type. With the boys, I am sure the situation is different. The controlling motive with them is "How can I get on to an earning job? How can I become a producer with my fellows? How can I start laying the foundation of an establishment of my own?"

Taking the building trades, which we are particularly discussing, are we going to be able to build up in them an apprenticeship training that has vitality and strength in it, and what will its direction and limitations be?

Let us bear in mind that it is a hand industry. The character of the trade is exactly where it was ages ago. If the premises which we have built up are correct, these boys will have to be in a large measure self-supporting. We cannot, in the case of boys at least, persuade them or their fathers to take them out and isolate them in all-day or all-week schools and hope to hold them for long periods of time. We must keep them practically on a self-supporting basis.

The next fact that we are faced with is that this education to be appealing has to be practical. It has to be given by master craftsmen. It cannot (and here the matter is beyond dispute when building trades are under consideration) be conveyed by school masters or school mistresses. It cannot be taught from the academic point of view only. Every attempt to teach trades in the high schools, under control of teachers dominated by the cultural point of view, has met with complete failure, except as it has devoted itself to the underlying sciences of the trade. The allied subjects may be carried in cooperative high school courses

with success. The trade knowledge must be conveyed to boys by masters of the trade under trade conditions and upon a practical commercial product.

It is not entirely a theory; it is an actuality that we are facing. We cannot afford to duplicate within our high schools expensive plants and equipment which are going to be continually torn down and rebuilt upon play-time projects. If the job is going to appeal to the boy, and if we are going to be able to pay him wages rendering him in a degree self-supporting, he must be employed upon an actual job, must meet competitive trade conditions, under control of masters in his trade, and he must earn a wage.

Those are pretty severe restrictions, and to the educators they seem antagonistic to their ideas of an effective education. To the mind of the mechanic and to the mind, I think, of the boy himself, you will find the practice a self-evident proposition.

There is one other factor in this situation and I am sure we have all appreciated the difficulty of it. In every community there are intelligent men, approaching the problem from the lay point of view, whose minds are wedded to some one particular solution. They see it only in the terms of a cooperative high school course. They see it only in the terms of an all-day, two-year trade school course. They see the thing only in the terms of a continuation course for boys of from fourteen to sixteen or eighteen years old. In other words, their enthusiasms have carried them to the point of the conviction that there is but one ideal solution to this problem and that this solution can be separated from the many factors we have been discussing. They are the most difficult men to work with in this undertaking because they are sincere. They are working from true ideals and abandonment of the hobby to which they have become wedded seems to them giving up the heart of the project.

We come now to what seems a rational and possible method of approach to the problem. The Open Shop Conference, being supported by a contribution from the Manufacturers' Association of Connecticut, has made first a survey of all the building trades. It has inventoried every craftsman in the trade. It has found out whether they are running open or closed shops. It has found whether they are running an apprenticeship system or not. In other words, it has found where its raw material is and as a result of this survey tells us that the closed shops are just as keen, just as

anxious to promote an apprenticeship system as the open shops are; that the closed shops have rather a larger percentage of apprentices than have the open ones, and that the union men will go rather further at the present day to promote an apprenticeship system because they are perhaps organized in larger units than the open shops. Therefore, one source of opposition that we feared would be troublesome and prohibitive does not appear to exist, provided the union man is convinced that this is an honest undertaking, and that the objective is to put into the trade real mechanics and not what he calls "scabs" and "strike-breakers."

We are fortunate in having in Connecticut a state supervised system of trade schools, so that the supervision is immediately taken out of the direction of the Open Shop Conference or the Manufacturers' Association and is entrusted to a well organized state department with a state appropriation behind it that is conducted on broad and not on narrow trade lines.

Our efforts, therefore, have been entirely directed toward strengthening and toward building up the work the state is doing; toward establishing points of contact between the local school committees and those in the trade; and toward opening every avenue of approach that would throw light upon the solution of the problem through existing sources of taxation, and not through the creation of new burdens that must be assumed by the community.

The important things to emphasize to both the employers and the state are the following. The boys must be self-supporting. We must use the buildings and equipment and tools that exist in industry. We must keep these boys for a very large proportion of their time at productive jobs. To get the cooperation of the boy, we must pay him at least as much as he can get at any other job, which is from twelve to eighteen dollars a week according to locality. The employer will have to pay him for that one day a week that he is being educated in the continuation or trade school classes. It is useless to argue the subject; useless to urge that inasmuch as we are going to give the boy something of value he must make a sacrifice to obtain it. He can earn those wages and if we don't pay them he will go somewhere else.

By using the equipment which exists in your plants, under the general supervision of the state, we can build up part-time cooperation and continuation courses. Keep the boy at carefully supervised work four and one-half to five days a week, and then transfer him to an educational institution for one day, where he

will learn the science and allied subjects of his trade.

Perhaps I have sketched this thing so rapidly that I have not brought out some of the often encountered difficulties. Let us recapitulate them. We must have an agreement among our trade men that they will not hire the boys away at an increased wage as soon as they reach a degree of skill a little above the average beginner, for if they do, the trade training is immediately disrupted. That is exactly the experience we have been through in the development of trade training all over Connecticut. Until we get the employer's cooperation and his agreement not to hire the boys away from the schools, and not to hire away the apprentices of other cooperating shops, we cannot carry out our scheme. If we are going to secure the confidence of the public, I have a conviction that the plan must be under the supervision of some one other than the employer alone. It has been put under state supervision to a certain extent. We now have to show that those boys are getting a progressive training in the shops and are not being kept upon one process longer than is necessary for their powers of promotion and development.

Those are not easy conditions. Each one of them presents a problem in itself. But with an earnest desire on the part of the trade, such as I believe has never existed before; with a realization that its very life is at stake on the part of the building trade; with the possibility of getting the cooperation of the boy by treating him sanely and humanly, these trade continuation courses offer the possibility of gradually building up an apprentice system and of supplying the trades their life blood.

The minute a start is made in any locality, some expert will say, "Yes, but you will do a better job if you put the boy in school five and a half days a week." Go out and try it. Try to persuade the taxpayer and the parents. After you have become fully established with the one day of instruction you may then be able to increase it to two days. It is going to require a greater sacrifice on the part of the boy. Also, it is doubtful whether employers will be brought to the point of view of paying for unproductive work more than one day a week. But wherever there are boys who can be put into all-day trade school courses, there our trade schools are gradually developing the facilities for taking care of them.

I have wanted to give you an informal sketch of what the Open Shop Conference has been trying to do with the money you have entrusted

to it, and our Educational Secretary, Mr. Wilcox, is here to answer any questions. He is getting the cooperation of the school boards, of the State Board of Education, and of the labor leaders. He is going at his job quietly and efficiently and he is everlastingly at it. If this work can be continuously and intelligently prosecuted for a period of two years, I have not the slightest doubt but that it can prove its usefulness.

I have tried in a very imperfect way to give you an idea of what our program was, at least that part of the program of interest to the Manufacturers' Association of Connecticut. I have no doubt but that there are many questions in your mind, and I will be glad to try to answer them.

Question: May I ask what has been done and is being done among the shop men or in different localities to get apprentices?

Mr. Wilcox: In the paint trades, each of the master painters who participate agrees to hire one apprentice, send him to school one day a week, and pay him the same wage in school, eleven dollars a week or fifteen cents an hour. We handle the proposition collectively. We put an ad in the paper for three days and from perhaps sixty replies received we pick the best fifteen boys. The boys average seventeen to eighteen years of age and have had some two years high school work. They are good clean-cut American boys. We have been under way six months and ten out of thirteen or fourteen boys are still working and are rendering good service.

We are working on a similar school for Meriden and Hartford and we have been active in various other communities. Last summer we covered Bridgeport and called on nearly every building trade employer in that city. Mr. Hanson, director of the trade school, said he believed that as a result of our calls his night classes had increased about one hundred per cent because many of these boys are working days and getting further training. We can get the boys if we go after them in the right way. The boys in New Haven as well as their parents seem to be rather thoroughly sold on it.

Mr. Henry B. Sargent (Sargent & Company, New Haven): This refers to something outside the building trades, but as a member here I would like to testify to the fact that our concern has always had an apprenticeship system and the men prefer it. We do not pay any attention to schooling, but we do pay the boy an additional wage each of the three years

spent with us. He must be with us a year before he signs for his trade so we may get acquainted with him. When the term is over and he has spent his three years properly, he is paid ten per cent as a bonus in addition to the wage he has received. We take the boy too at such a time that he will be of age when his bonus comes in. It belongs to him and he is expected to buy a suit of clothes or tools or anything he wants for himself. It cannot belong to his father.

We have had cases of boys who went away and who were asked when they applied for work elsewhere whether or not they had served this apprenticeship. They then came back and asked to complete the trade with us so that they could have their apprenticeship papers.

Question: Mr. Wilcox, do you not think it is possible to investigate all of the different trades and to gradually make proposals as to how this work can be further developed?

Mr. Wilcox: We feel we should go rather carefully and take one trade and one locality at a time and then spread to some other community. The painting is really the worst of the building trades, one apprentice only being allowed to twenty-five journeymen.

We have started a class with the plumbers in the Naugatuck Valley. Each picked a helper or an apprentice and the class is sent to Bridgeport one day a week for training.

Question: What is being done by manufacturers in taking over the graduates from the trade schools promptly upon the completion of their course so that they can find employment? Do the manufacturers in those localities really manifest an interest?

Mr. Wilcox: The state trade school system receives the cooperation of practically all the manufacturers of the state. I think Bridgeport has gone further than any other in lining up with trade schools, although cooperation has been evident in Waterbury.

Question: We have difficulty in that our apprentices seem to have a desire to get experience in other shops as soon as they graduate. In looking over our figures I am appalled at the very small number we have kept. At the present time we have only twelve and I would like to know whether others have the same difficulty with apprentices leaving as soon as they graduate so they can get other experience.

Mr. Sargent: I cannot answer that in detail, but I know some boys consider it a part of their education to get other experience, to learn what is being done in other shops. I think Browne and Sharpe is one of those shops

to which the boys go to see if their apprenticeship has been good for them. We have had a good many return after having made the rounds and they say, "Now, I am pretty well trained."

Question: Will you describe what has recently been brought out in connection with the electrical trade?

Mr. Wilcox: You refer, I presume, to the union contracts. In the western end of the state the unions are almost one hundred per cent in the electrical trades. Their contract requires that no helper or apprentice can be employed unless a journeyman is employed also. If a man is merely running a one-man shop he cannot get help at all unless he hires a journeyman. In Stamford the helper must be paid five dollars a day. If he hires an apprentice he must first pay one hundred and fifty dollars into the union. For the first six months he is required to work in the shop entirely and he cannot handle tools. Then he is sent out to the job but the work he is put on is restricted. As a result of these restrictions there are not more than three or four electric apprenticeships in western Connecticut. No one is going to hire under those conditions. One electric man in Stamford said he did not run his business — he simply financed it.

Another little petty restriction exists in Stamford. A journeyman who has a job in Sound Beach or Greenwich must take the trolley nearest to eight o'clock. If it goes at ten minutes after eight that is the one he must take or be subject to a fine and the same thing applies when he goes home.

On account of these conditions it is extremely difficult to get the employers to establish anything in the way of an apprenticeship system. They are willing but can do little.

The plumbing trade is more reasonable. They require one apprentice to every three journeymen. In the mason trade three are allowed, which penalizes both the small and the large establishments. The smallest cannot afford to take on any apprentices, the larger ones can only take three. Nevertheless, there are more mason apprentices in Connecticut than one would imagine.

The carpenter and printing trades are not quite so restricted.

At the close of this session the suggestion was made by Mr. C. F. Dietz, chairman of the Industrial Relations Committee, who presided, that all members employing apprenticeship systems send information to the Association in regard to their particular system, for the information of the Committee.

ANNUAL MEETING NOTES



E. KENT HUBBARD



JOHN H. GOSS



ROBERT C. BUELL

ELECTION OF OFFICERS

In the absence of Mr. J. Arthur Atwood, Chairman of the Nominating Committee, the committee's nominations for officers and four directors were presented by Mr. Fuller F. Barnes.

There were no other nominations and accordingly upon motion from the floor the secretary was instructed to cast one ballot for the following officers and directors, the former to hold office for one year, the latter for four years, effective January 1, 1925:

President, E. Kent Hubbard.

Vice-President, John H. Goss.

Secretary and Treasurer, Robert C. Buell.

Director for Middlesex County, Joseph S. Porter, Treasurer D. & H. Scovil, Inc., Higganum.

Director for Tolland County, R. T. Jones, Trustee Gardiner Hall, Jr. & Company, South Wilington.

Director-at-Large, Carl F. Dietz, President Bridgeport Brass Company, Bridgeport.

Director-at-Large, J. P. T. Armstrong, Treasurer Corticelli Silk Company, New London.

The By-Laws of the Association provide that there shall be sixteen directors, each serving for a period of four years, none of whom shall be eligible for re-election for a period of one year following the expiration of his term.

Those directors whose terms expire this year are William W. Wilcox, Wilcox Crittenden Company, Middletown; William Park, Riverside Woolen Mills, Stafford Springs; F. J. Kingsbury, Bridgeport Brass Company, Bridgeport; Oliver L. Johnson, Aspinook Company, Jewett City.

Those directors who continue on the Board, in addition to those newly elected are: Henry B. Sargent, Sargent and Company, New Haven; C. E. Bilton, Bilton Machine Tool Company; F. B. Ricketson, Wauregan Company, Wauregan; F. S. Chase, Chase Companies, Waterbury; C. B. Whittelsey, Hartford Rubber Works, Hartford; E. A. Moore, Stanley Works, New Britain; Colonel I. M. Ullman, Strouse, Adler & Company, New Haven; C. T. Treadway, Horton Mfg. Company, Bristol; Samuel M. Stone, Colt's Patent Fire Arms Mfg. Co., Hartford;

Frank R. Appelt, Warrenton Woolen Company, Torrington; John F. Rogers, U. S. Finishing Company, Norwich; and Harris Whittemore, Eastern Malleable Iron Company, Naugatuck.



JOSEPH S. PORTER

GREETINGS FROM STATE CHAMBER OF COMMERCE

Following luncheon, Mr. Hubbard called upon Mr. Stanley H. Bullard, president of the State Chamber of Commerce, saying: "It

seems fitting that our members should have the pleasure and privilege of a word of greeting from Mr. Bullard, president of the State Chamber of Commerce and also, as you all know, one of our member manufacturers. I believe that the hearty cooperation and the very cordial relations existing between the two organizations are due to Mr. Bullard's interest.

Replying, Mr. Bullard said: "I am a thorough believer in organized business and organized effort along such lines. I want to congratulate the present executive of the Manufacturers Association of Connecticut upon the splendid work which is being accomplished by that body. Its program is progressive in every way and is based not alone upon the manufacturers' interests, but rather upon the interests of the state as a whole. It is a privilege for the organization of which I happen to be

president, to cooperate in every way. Success to you in your work!"



J. P. T. ARMSTRONG
The Annual Meeting of the Board of Directors was convened immediately following the adjournment of the Annual Meeting of the Association on November 25. Fifteen members of the Board were present including those newly elected who take office on January 1. A number of pending matters were acted upon, including the appointment of a Legislative Committee for 1925, after which the meeting adjourned subject to the call of the President for the regular December meeting.

EXECUTIVES URGED TO INTEREST THEMSELVES IN FREIGHT RATE INVESTIGATION

During the luncheon session, Mr. W. H. Chandler whose address at the Traffic Group Conference is reproduced in full in this number, spoke for a few moments concerning the necessity for plant executives to fully inform themselves about the Eastern Freight Rate Investigation.

Among other things Mr. Chandler said:

"Mr. French in his report spoke of the apathy of New England on this New England Freight Rate Investigation about which I am asked to say a few words.

"I was under the impression that you were rather alive to the situation, judging by the letters that I have received from some of your more active traffic managers. If there is any apathy let me suggest that those manufacturers who have traffic men get in touch with them and listen to what they have to say.



C. F. DIETZ

they ought to do.

"We are confronted with a general investigation of all the class rates in official classification territory, that part of the country lying north of the Norfolk and Western, the Ohio River and east of the Mississippi River. It is not just a trunk line investigation. It is quite possible that the Interstate Commerce Commission may place all class rates in this territory on a mileage basis and if it does, New England will find greater difficulty in doing business in the future than it has in the past.

"As a starter, the New England lines have suggested the application of the Anderson scale to the Hudson River. It is estimated by the carriers that in New England alone this will add \$800,000 a year to the cost of doing business. That does not take into consideration any increases in the overhead rates to and from trunk line territory, which is east of Buffalo and Pittsburgh. It is also proposed to add from \$2.50 a ton to \$3.80 a ton to the cost of



R. T. JONES

distribution of all products taking fourth class rates and higher, with a minimum of \$2.50.

You must watch to see that you are not unduly handicapped.

THE CONNECTICUT INDUSTRIAL COUNCIL

REPORT OF THE CHAIRMAN, MR. P. L. GERETY,
Given at the Annual Meeting

The Connecticut Industrial Council was organized in January 1921 as a voluntary body without dues, with an initial membership of eight industrial associations. Today it has a total membership of thirty-five, twenty one local, seven county and seven state wide organizations.

The officers and directors of the Manufacturers Association of Connecticut are entitled to full credit for the formation of this very useful body and congratulations for the vision displayed in perceiving the need for a medium such as the Council.

To discuss all of the matters considered by the Council during the past year is not possible but a brief comment upon some of the items of major importance in which the Council is active will be illuminating.

The Council continues to act as a medium of exchange for industrial information and as an agency whereby the representatives of organized industry may come together at periodical times under the auspices of the Manufacturers Association of Connecticut for the general purpose of discussion and action upon matters affecting the industries of the state. Each member of the Council helps the other in his problems and there is frequent contact with one another and continuous exchange of information.

In matters of state and national legislation, members of the Council are taking more active part. As the Council now functions it considers and acts jointly with the Legislative Committee of the Manufacturers Association, agricultural organizations and other business groups in connection with practically all important state and national legislative proposals with which industry concerns itself.

Already the proposed so-called Child Labor Amendment has been fully discussed and the Council membership thoroughly aroused to the dangers of this proposal. They fully appreciate that they should interest themselves as citizens and not manufacturers' representatives. Connecticut manufacturers do not employ Child Labor. Personally I am against the amendment for it is socially an unsound proposal. There never was a time in the history of our country when such legislation was less necessary than it is today.

The Council considers the dissemination of truthful information on industrial economics

of paramount importance to industry, and in an endeavor to bring about greater understanding of the problems which confront industry there is now in process of organization a speakers' bureau within the Council, the purpose being to utilize the services of Council members and manufacturers throughout the state at meetings of various kinds.

Several years ago the Council established a plan whereby solicitors and their projects could be reported and investigated through a certain agency and confidential reports submitted to the membership. All sorts of schemes or proposals are being made to manufacturers constantly, some worthy of support and others unworthy. Upon being advised that a solicitor is active in a particular portion of the state where an industrial organization is located, the local secretary notifies the State Association which, acting as a clearing house, makes an investigation and sends a report to all members of the Council. The Association and Council make no suggestions as to whether or not a manufacturer should subscribe to any proposal submitted, as their function is merely to procure authentic information and transmit it to those concerned.

The Council continues the policy established several years ago of collecting and disseminating information with respect to disputes which occur in industry and business. No general scheme for the collection and dissemination of wage data has been devised. However, wage statistics covering common labor throughout the state and in the building trades industry are periodically sent out.

The Council is not only sympathetic to the Open Shop Conference of Connecticut but also heartily endorses its apprenticeship efforts and members of the Council have willingly cooperated in the several localities where the Conference is active.

I take this opportunity of thanking our Council members for their attendance at meetings and the friendly cooperative spirit they have always shown. The Council would not be the success it is were it not for this.

I also wish to thank your President, Mr. Hubbard, your Industrial Secretary, Mr. Smith, also Mr. Dower and all your officers, directors and members for making the meetings possible and for their splendid help and consideration.

REPORT OF THE ST. LAWRENCE COMMITTEE

QUESTIONS AND ANSWERS BY MR. JOHN H. GOSS AND MR. F. S. CHASE

Mr. Goss: In your capacity of Chairman of this Committee will you tell us, please, Mr. Chase, whether the Great Lakes-St. Lawrence Waterway Committee of the Manufacturers Association of Connecticut exists for the purpose of studying this one problem only?

Mr. Chase: The St. Lawrence Committee exists for the study of power in general. Its object is to secure for New England and for Connecticut a sufficient and efficient future power supply. The Committee realizes that power generation and transmission will be revolutionized within the coming years. Chemical integration, the mercury boiler and various other methods and appliances are constantly being developed which will undoubtedly in time make scrap of individual power units of manufacturers. For that reason many manufacturers have hesitated to invest heavily in power replacements or additional power machinery. Power at the present time, whether it is steam, hydro-electric, or what not, is costly. Any of you who have recently put in a power plant realize that. It is a well known fact that eighty-five per cent of the heat units of steam-generated power are lost, thrown away. It is incumbent upon this Committee of the Association to take the leadership in the investigation of all these subjects so that Connecticut manufacturers may be in a position to take early advantage of inventions and discoveries. Therefore, I say that the Committee is interested not only in the Great Lakes-St. Lawrence plan, but in any plan, discovery or invention which will give to us power generation advantages which we do not at the present time enjoy.

That is a large problem and one which we are only superficially attacking, realizing as we do the breadth of it.

Mr. Goss: Do the manufacturers of New England produce most of the power which they use in their individual units at the present time?

Mr. Chase: At the present time, putting it in electric terms, we are using in New England about 7,500,000,000 K.W. hours per year, and of that about half is manufactured by the industries and about half of it is supplied by the public utilities. The tendency is rather natural, I think, for that portion that is sup-

plied by the public utilities to be increased, and for the manufacturers to confine themselves more particularly to the utilizing of such power as can be made advantageously in connection with the heating of their plants and the production of steam for manufactured purposes.

Mr. Goss: That particularly pertains to this climate where we have cold winters.

Mr. Chase: Yes.

Mr. Goss: Will the power requirements of New England increase in the future?

Mr. Chase: Unquestionably. I am interested in seeing to what extent the shutting off of common labor results in the substitution of power. Conservatively speaking, we figure that in ten years we shall be needing easily twenty per cent more power than is now generated.

Mr. Goss: Electrification of railroads seems to be the most economical method for motive power. How much power will be required for this purpose?

Mr. Chase: About 1,000,000 K. W. hours in a year for such as would be practicable to introduce for some time to come, but ultimately about 2,000,000,000, which will be approximately twenty per cent of the total power consumed in New England.

Mr. Goss: In view of the power needs of industries and of railroads, would you please give some idea of the potential power available to meet these needs?

Mr. Chase: If we confine ourselves to units that are the smallest practical to be used, capable of developing 1,000 H.P., and figuring that they are capable of producing that sixty per cent of the time, we have potentially available here in New England, including Maine (under the present laws of the state of Maine we cannot use their power outside of the state) somewhere around 860,000 H.P., or about 640,000 K.W.

Mr. Goss: Would this meet the requirements?

Mr. Chase: Only for a limited length of time. That would figure out perhaps a billion and a quarter K.W. hours in the year and we are already using six times that now.

Mr. Goss: Then where must we look for our future supply?

Mr. Chase: To Canada and to the St. Law-



F. S. CHASE

rence River where there is 1,500,000 on the international boundary and 4,000,000 more on the Canadian side, and the rest of Quebec would supply another 10,000,000. Canada can and does export such part of this as she does not need at the present time.

Mr. Goss: Is there any possibility of the development of this power from this new source in the immediate future?

Mr. Chase: The engineers figure that ten years will be required to develop it. If we are drawing current from the St. Lawrence by the year 1935 we shall be doing exceedingly well and during that time the demands of transportation in this country ought to nearly double.

Mr. Goss: If the West is interested in the development of the St. Lawrence for transportation facilities, and New England is interested from the standpoint of power, will New England be asked to bear the full burden of canalization? Will not New England ports lose western business, and will not her railroads suffer through the opening up of the Great Lakes-St. Lawrence waterway? In other words, is there not some doubt as to the advisability of endorsement of the St. Lawrence project by Connecticut and New England?

Mr. Chase: New England wishes to cooperate in the opening up of the St. Lawrence River to the sea so that vessels of reasonable tonnage can ascend to the Great Lakes. New England would cooperate, it seems to me, in the desire to be eminently fair and not seem to be blocking a great national improvement, even though it were a matter of argument as to any advantage to accrue to New England. Many believe it would be detrimental to our interests to give such further advantage to cities of the middle-western states whose fuel and living costs are lower, and towards which the center of population is rapidly moving. New England would agree even though no toll charges were made and the entire expense were borne by the National government and raised from taxes which, owing to New England's heavy investment, would bear far more heavily on the people of this section of the country than on the average person of the United States.

In return for this liberal view, resulting in possible economic loss to us, we feel that New England should be given every reasonable power advantage. The Committee further feels that when this work is done the development of the maximum amount of hydro-electric power that can be economically developed should be accomplished and that a proper proportion, say one-half or more of the total power available to the United States, should be offered to New England at cost. Cost we would define as the necessary annual expense for operation and maintenance; a reasonable rate of investment, namely the rate usually specified in government bonds issued on such projects, and an amount that would amortize within a reasonable period, of say 50 years, the investment made by the United States for the power developed over and above what would have been the cost had there been no power development. When I speak of power investment I mean the actual cost of power development, including provision for navigation around such development. We should see to it that there was no interference with transportation.

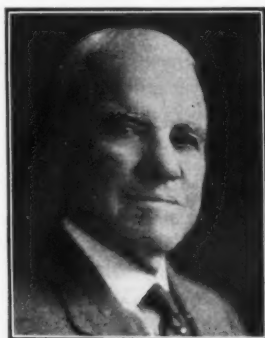
Mr. Goss: What part has your Committee taken in the deliberations thus far?

Mr. Chase: When this subject was first introduced the President of the Association appointed the present Committee. This Committee studied the subject from all angles and called before it various engineers and experts who had made studies on the ground. After that time the President of the United States appointed a Federal Committee, headed by Secretary of Commerce Hoover, which committee included one New England representative, Mr. Allen, the President of the Norton Company. An All-New England Committee was then formed whose personnel includes the entire personnel of our Committee and a similar number from other New England states. It can therefore be seen that the Committee of this Association was among the first to be created, and that it had undertaken the study of the problem long before the Federal Committee was appointed.

"Massachusetts has overwhelmingly defeated the miscalled Child Labor Amendment. In so doing she has expressed the opinion that she feels fully competent to handle her own domestic questions. Not wishing other States to meddle in her affairs, she is unwilling to meddle in their affairs. She assumes that they know their own local problems just as she knows hers. When given the opportunity to express themselves, her people manifest their traditional regard for the fundamental principles of the Constitution. She was asked to grant to the Federal Government a power beyond anything she herself possessed. She was told that if this power were granted it would not be used to the full extent. She was urged to sign her name to a blank check and hand it over to Congress to be filled in as that body saw fit. She wisely concluded to keep control of her own affairs." — *Springfield Union*.

REPORT OF THE AGRICULTURAL COMMITTEE

QUESTIONS AND ANSWERS BY MR. JOHN H. GOSS AND MR. HENRY TRUMBULL



WILSON H. LEE

does the Manufacturers Association of Connecticut, which is an organization made up exclusively of manufacturers, maintain an Agricultural Committee?

Mr. Henry Trumbull (Trumbull Electric Company, Plainville): The Manufacturers Association of Connecticut recognizes the fact that agriculture follows industry and is in a measure dependent upon it. Connecticut imports three-quarters of her food products, which undoubtedly has some effect on the cost of living, and from that standpoint we are interested in the development of agriculture. We further recognize the fact that no state can be completely and permanently prosperous unless its agriculturists are prosperous. The enormous amount of waste land in Connecticut must be utilized and there is no reason why the Agricultural Committee cannot aid in making usable this waste land.

Mr. Goss: Recognizing the fact that the agricultural future of Connecticut is in a great measure dependent upon the younger generation, what has the Agricultural Committee done to arouse interest among the young people of the state in regard to agriculture?

Mr. Trumbull: The Agricultural Committee thoroughly recognizes the fact that the future of agriculture is dependent upon the young people who are now on the farms and upon the young people who may in the future take up agriculture as a life work, and it has accordingly used every effort to arouse interest among them.

Early in the Spring the Committee was host at a dinner to four hundred girls and boys who are interested in club work, which has for its purpose the raising of a better grade of cattle, sheep, hogs, etc. The stimulus which was given to these boys and girls through the interest of

Mr. Goss: In the absence of Mr. Wilson H. Lee, Chairman of this Committee, who was unable to attend the meeting today, Mr. Henry Trumbull has very kindly agreed to answer certain questions pertaining to the work of the Committee.

Mr. Trumbull, why

the Agricultural Committee is certain to have its effect. Further, the Agricultural Committee supplied the funds for the transportation of baby beefs and other livestock from various farms in Connecticut to the Connecticut State Fair and to the Eastern States Exposition. The livestock which was transported was the property of boys and girls who did not have the funds to show their stock at these two expositions. This service was greatly appreciated and I believe will have the effect of arousing interest in club work.

Mr. Goss: Does the Agricultural Committee interest itself in various local state and interstate agricultural fairs and expositions?

Mr. Trumbull: The Agricultural Committee believes that one of the best methods of promoting agriculture in this or any other state is through the successful local, state and interstate fair or exposition. For a number of years the Committee has sponsored the Connecticut Winter Exposition, which is primarily an agricultural exposition fostered by the State Department of Agriculture. It has further developed plans whereby it hopes to take a more vital and active interest in the development of local fairs and the Connecticut State Fair. There is no state in the East that has a more

advantageous position than Connecticut for the holding of an annual state fair and one that should prove to be an educational institution and bring together the agricultural and industrial interests of the state. In addition, the Manufacturers Association and the members of the Agricultural Committee have given their support to the Eastern States Exposition.



HENRY TRUMBULL

Mr. Goss: Is the Committee made up of men who understand the problems of agriculture?

Mr. Trumbull: The Agricultural Committee is composed of men who are both manufacturers and agriculturists. In each case they own and maintain farms which are operated on a scientific basis for profit rather than as a hobby.

REPORT OF THE RESEARCH COMMITTEE

CONSISTING OF QUESTIONS AND ANSWERS BY MR. JOHN H. GOSS, DEAN CHARLES H. WARREN AND MR. LEONARD S. TYLER



CHARLES H. WARREN

research Committee of the Manufacturers Association of Connecticut?

Dean Warren: May I say, before answering that question, that I esteem it a great privilege to be invited to speak to this Association as a representative of the University, an institution devoted not only to the training of young men in higher branches of learning, but also to the discovery and dissemination of knowledge. I am sure that the administration of the University is in entire sympathy with the Research Committee of the Manufacturers Association in the work which we are jointly undertaking.

The Research Committee of the Manufacturers Association of Connecticut, cooperating with a committee from the University undertakes to receive from individual members of the Manufacturers Association questions relating to problems which arise in their work for which they wish a solution found, or information procured. These questions, must first be sent to the Association and are then taken under consideration by the University, through its committee. If the problems are of such a nature that the members of the University staff can undertake a solution, they will so report, submitting at the same time an estimate of the probable cost and of the probable time involved in solving the problem or in attempting to solve it.

Obviously, there are many problems arising which the University cannot undertake, but in such cases it often happens that we can supply the questioner with information which will enable him to secure the solution of that problem elsewhere, or possibly we can supply him with

Mr. Goss: I am going to call first on Dean Warren, Dean of the Sheffield Scientific School of Yale University, who has kindly agreed to answer for the Research Committee the questions which I will put. He may feel at liberty to deviate in any manner he sees fit. Dean Warren, will you tell us please what the function is of the Research

information which will convince him that the problem is, for the time being at least, insoluble.

We hope that all kinds of problems will be proposed ranging all the way from educational problems to those of psychology, evaluation, business organization, chemistry, engineering, etc. The types of problems which we particularly desire to secure are those which will furnish us with results of a technical or scientific nature which will not only be of value to the parties proposing them but which will be of general value to the community as a whole.

It seems to me that the functioning of the Research Committee of the Manufacturers Association cooperating with the University will result unquestionably in maintaining the prestige of Connecticut manufacturers and will insure their future growth. I feel sure that as our natural resources become more and more taken up and as competition becomes keener, it will become more and more necessary to add to the native inventive genius and business capacity of the men in our industries, a large amount of technical and scientific training, which alone can achieve, I believe, ultimate success.

Mr. Goss: If a manufacturer submits a problem to the Committee, does he incur any financial obligation through the mere submission of that problem?



LEONARD S. TYLER

Dean Warren: Not through the submission of it. The problem is handled through the Committee's representative in New Haven who confers with a committee of the University. It does not involve any expense.

Mr. Goss: There is no expense incurred then by the one submitting a problem unless and until arrangements are made, and then only as made?

Dean Warren: If the work is to be undertaken in the University's laboratory by members of the staff or others who may be called in to work on the problem, an estimate of the

cost is submitted, the charge being based upon the amount of work involved, the apparatus used, the use of the laboratory, and so forth. The work is not started until a satisfactory agreement has been reached.

Mr. Goss: Sometimes manufacturers have a very high regard for the importance of keeping their processes and methods secret. A manufacturer might display some hesitancy in submitting a problem because of his fear that his processes would become public property. What danger would there be in that respect?

Dean Warren: If it appears upon an examination of the problem that it is one which is strictly private in nature and which should not be divulged, it is our policy to place that problem in the hands of some individual, possibly connected with the University, or possibly some outside organization which would appreciate the confidential nature of the problem and handle it accordingly.

Mr. Goss: Then in the case of such confidential work the usual ethical standard would be fully recognized by all parties concerned?

Dean Warren: Fully. I might add perhaps, as closely connected with this question, that the results of any problem proposed for solution would of course first go to the party submitting it, and ample time allowed for them to derive first benefits. If any important scientific or technical matter is brought out through the investigation of that problem that of course will be published in a general way without any specific reference to the problem in hand, merely summarizing the results, which could be given with perfect propriety to the interested public.

Mr. Goss: As the technique of processes, methods and facilities increase in complexity, the Research Committee has felt that one of the problems confronting industry is the necessity of the development of one, two, three, or a staff of men, who might go into an organization as control men, men who would have the responsibility of seeing that the process or the method as set up is carried out. If, for instance, a method was worked out jointly between a manufacturer and Yale University, it might become necessary to develop someone who would see to it that it was kept properly in operation. Would Yale University be in a position to train or furnish such a man whom they or the manufacturer might select?

Dean Warren: I am sure that the University would welcome an opportunity to carry out such a plan as that. As a matter of fact, it has in the past occasionally done that very thing, on occasions where a problem arose in

a particular industry which called for supervision by a man who was familiar with the conditions in the plant, and also for a considerable degree of scientific or technical skill. In such cases, the company sent a man to the University and special work and special courses of instruction were arranged for him. Opportunities were afforded him for carrying on research work along this line, or at least for perfecting himself in the methods of research work applicable to his particular problem. Such men are accepted as special students, sometimes as a matter of fact, as candidates for an advanced degree, and every facility within our powers is offered them to train themselves and to perfect their technique for the particular problem in hand.

We welcome such men because they display an interest and industry in their work which reacts favorably upon all of our work. It serves also to keep us in close touch with the problems of industry and we feel that in that way we can be of genuine service to particular industries and industry as a whole.

Of course, it is very desirable that such a man remain in the employ of the company and that it be a part of his work to get the training to carry on the specific problem or problems which the industry wishes him to solve.

Mr. Goss: In such a case the University, I understand, might also pick out a likely young man from the senior or graduating classes in one of the regular courses for post graduate work, and a part-time agreement might be made between the company and that young man whereby the latter would take up a special subject, possibly spending two or three days a week at the plant, applying the theory he is learning and selling his personality to the organization with which he expects to become affiliated after he finishes his course. As I understand it, it would take two years to get a degree and then if the man is successful and he qualifies, he is available to the manufacturer as an employe on that job. Is that a fair statement?

Dean Warren: That is correct. There is a good deal of flexibility in the arrangements we can make. In fact, I think there is a sufficient amount of flexibility so that we could accommodate almost any proposition that arose, providing that the man himself had had adequate preparation which, of course, is usually the case.

Mr. Goss: This joint work of the Committee has been going on for how long?

Dean Warren: It has been going on through the past year, and a large number

of problems have been submitted; I believe about fifty all told. Those that have actually seemed appropriate to pass on to the University have been a dozen or fifteen in number. Some of those were problems regarding which we were simply able to advise. One or two others were definitely not such problems as seemed soluble. Others were actually solved, and in two or three instances problems came in which seemed to us of very considerable general technical importance.

Mr. Goss: Thank you, Dean Warren. I am going to ask Mr. Leonard Tyler at this point to tell us a little about the working machinery of the Committee. Mr. Tyler, who is a member of the Research Committee, has very kindly consented to act as a sort of clearing-house for these inquiries that have come in, and he directs them to the right point.

Mr. Leonard Tyler (Acme Wire Company, New Haven): If a specific request is submitted to the Hartford office of the Association, they transmit it to me in New Haven and I get in touch with Dean Warren. His first reaction is on whether or not it is a problem which the University can properly undertake.

Assuming that it is a question which the University can undertake, then, depending upon the inclination of the individual submitting the question, the rest of the discussion is carried on by correspondence, or I am always glad to welcome our members and to introduce them to that section of the Yale faculty which will do the actual handling of the work.

Personally, I feel that one of the things which is holding back inquiries at the present time is a wide-spread feeling that the members of the University faculty are set apart by nature in some way from the rest of us mortals and that they have to be approached in such a peculiar and individual manner that the average individual does not care to undertake that approach. My function, where such a state of mind exists, is to do what little I can to prove that such is not the case, and I shall be glad to have you gentlemen or your representatives call upon me in New Haven, so that I can put you in personal touch with the members of the faculty who will be interested in helping you.

Mr. Goss: I want to say just a word for this Committee of which I happen to be the chairman. We are just at the beginning, but we feel that there are tremendous possibilities in this work and I hope members will make more use of this feature of the Association's service. We will continue it just as long as a need for it is evidenced.

Transportation Group Conference (Continued)

Mr. Chandler: You have many traffic managers in New England. I want to ask the executives who have traffic managers whether they consult with them. I know there are traffic men in New England who have come to me and said they could not get to their principals. If you have a traffic man, talk to him and find out what he is doing and what the traffic situation is. It ought not to be necessary for me to talk to manufacturers about the importance of this rate adjustment. Your own traffic men should have told you. If they have not, and if they are afraid to tell you, you ought to remove that barrier so there will be a well-worn path to your office. Until your traffic man keeps you informed concerning these things, frankly, I do not see how your sales manager can hope to meet the conditions that are arising from time to time, because the western manufacturer and his traffic manager are always working very closely together.

A traffic man can help make a sale, or he can lose it. If you have a traffic man, support him; if you haven't a traffic man you would do well to get one.

Mr. Usher: This last year especially I think Connecticut manufacturers have been taking more interest in the work of their traffic departments. M. C. F. Bennett, President of the Stanley Works is with us today and perhaps he will say a word or two.

Mr. Bennett: I should like to say that I am quite in accord with what Mr. Chandler has said. For a number of years we have taken great interest in the traffic situation. We believe we have a very good traffic man and we are intensely interested in this problem because it affects us quite seriously. In our business we make very heavy products and we ship them all over the world. Without doubt, this is a problem that should have the careful attention of every manufacturer in New England and I feel quite seriously that we should support the movement with our money and with our time, so as to have this matter settled in the best possible way.

In view of the great importance of this rate investigation, Mr. Chandler, at the urgent request of the Board of Directors, agreed to address the Association during the luncheon session and his remarks there will be found on page 27.

REPORT OF THE FINANCE AND TAXATION COMMITTEE

QUESTIONS AND ANSWERS BY MR. JOHN H. GOSS AND MR. GUY P. MILLER

Mr. Guy P. Miller: The Committee on Finance and Taxation has not a very lengthy report to make today because our main session was held this morning at the time Professor Fairchild addressed our group meeting.

The Committee has held a number of meetings during the past year and has kept closely in touch with developments which probably will affect tax legislation during the forthcoming session of the Legislature.

A special meeting of the Committee was held in June at Putnam with the Manufacturers Association of Eastern Connecticut and the New London and Norwich Manufacturers Associations participating. Over eighty manufacturers were present and much interest was shown in the discussions which were led by Professor Fairchild and various members of the Committee. The Committee believes that sectional meetings of this kind are worth while holding from an educational point of view and proposes to hold others in different parts of the state during the coming year.

At the request of the State Chamber of Commerce, information is now being secured regarding inheritance taxes and will be transmitted to the Chamber.

During the past year Tax Commissioner Blodgett has started an investigation of the local taxation situation and has had a number of hearings in Bridgeport at which testimony, under oath, has been given by taxing officials and taxpayers. The information disclosed will be transmitted by the Commissioner to the Legislature with his recommendations. At the last meeting of your Committee they recommended to the Board of Directors that a survey be undertaken by Professor Fairchild for the purpose of ascertaining the conditions in regard to the taxation of personal property of miscellaneous corporations. This seems highly desirable in view of the probability of tax legislation due to expected demands for increased income and also to changes to be recommended by the Tax Commissioner.

Mr. Goss: Why is it that the tax burden upon manufacturers shows such great variation in different towns of the state?

Mr. Miller: This is due, first, to the differences in the tax rates, but still more to the varying practices in the assessment of property, especially machinery, goods, and materials. The assessment of such property is haphazard and arbitrary in the extreme, resulting in great inequalities of tax burden.

Mr. Goss: Can the assessment of manufacturers' personal property be made uniform in the several towns of the state?

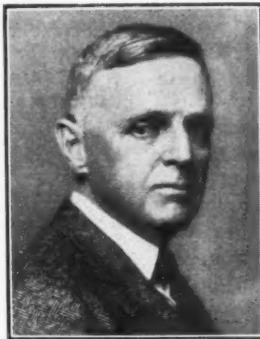
Mr. Miller: It seems to me that it would not be possible to do so without a tremendous expense, if it could be done at all. Probably the nearest approach that could be made to it would be by extending to the Tax Commissioner or some central body the power to interpret the laws to a greater extent than is granted at the present time.

Mr. Goss: Has the Committee a program of tax legislation to present to the next Legislature?

Mr. Miller: No. The Committee will probably not recommend changes in the tax laws. If changes are proposed by others, the Committee is in a position to examine such proposals and to take appropriate action in the interest of the Association. In particular, if it is proposed to increase the revenues of the state, the Committee is prepared to urge that the increased tax burden be equitably distributed among the various interests of the state. The Committee is often able to render constructive suggestions and assistance in the framing of tax legislation proposed by others.

Mr. Goss: What do you consider the most important development in state taxation matters during the past year, and why?

Mr. Miller: I consider that the most important development during the past year is the investigation started by Commissioner Blodgett in Bridgeport, in relation to local taxation matters. The Commissioner called before him taxing officials and taxpayers, of Bridgeport, held a number of hearings and inquired at length into the interpretation and administration of the laws by the local officials. He will probably submit a report to the next Legislature, making recommendations based upon his findings, and that report will possibly be used to re-distribute the tax burden somewhat differ-



GUY P. MILLER

ently than it is distributed at the present time.

Mr. Goss: Will you give us briefly the impression the testimony made on you?

Mr. Miller: I was impressed with the fact that there is no central interpretation of the tax laws. This is left to the local assessors and their interpretation may possibly be very faulty. I believe that the administration of the tax laws is extremely lax and it also seems to me that there should be some clarification of the laws. It seems impossible for the assessors to fairly interpret all of the laws under the present system.

Mr. Goss: You find, do you, that in some localities they have special acts for tax collection?

Mr. Miller: Yes, due to the charters in some towns.

Mr. Goss: What recommendations were made by the Committee at the meeting in Putnam in regard to local taxation matters?

Mr. Miller: The recommendations made by the Committee at Putnam were that the manufacturers in the different localities give more time and attention to studying the finances of their own towns and that more interest be taken in standardization of local accounting methods. There is no standard method of accounting in the various towns at the present time, so that it is very difficult to even get at facts, and no comparisons can be made of operating expenses because the records are not kept in a way to make this possible.

Mr. Goss: Is the Committee contemplating action in regard to the inheritance tax?

Mr. Miller: The Committee does not feel that the inheritance tax is primarily a function of the Manufacturers Association, but as I stated before they have been asked by the State Chamber of Commerce to look into the matter, and Professor Fairchild is getting some data now. If it becomes a national issue the Committee will take such action as may be found desirable.

Mr. Goss: Will the Committee issue a tax calendar this year similar to that which has been published by the Association for several years past?

Mr. Miller: I think they will. In the past it seems to have been appreciated by the various members of the Association.

Mr. Goss: I am not on the Committee on Finance and Taxation, but I am greatly interested in our local tax affairs in Waterbury and I have discovered something which I presume is probably common to all our towns and cities. It interested me to see what proportion of the total population of Waterbury paid taxes, and I found that in our city, with a population of about 110,000, there were only slightly more than 16,000 individuals and corporations paying taxes.

It seems to me that if we want to improve the tax situations in our communities, those of us who are really the taxpayers and who are carrying the burden can do so only by extending that burden to those who are not taxpayers through rents and other charges we make, and by taking an active interest in local taxation problems.

FEDERAL TAXES FOR 1924

The Association will shortly send out to all members who request copies, a pamphlet similar to that which it has issued for several years past, this edition to be entitled "Federal Taxes for 1924." This contains the full text of the law, together with a complete elucidation of it, illustrated with tables showing the various taxes. This has been prepared by Washington experts and explains in detail many provisions of the new law which are apt to be confusing and misleading unless thoroughly understood. This book should be in the hands of all members before making tax returns for 1924 for it is the clearest and yet most concise interpretation of the law of which we have knowledge.

A limited number of copies have been ordered and will be available for distribution shortly. These will be sent out in the order in which requests are received, and members desiring copies are asked to so advise the Association as promptly as possible.

Regulations 65, in complete form, are also available for distribution should members wish them and will be sent on request.

REPORT OF THE INDUSTRIAL RELATIONS COMMITTEE

By C. F. DIETZ, *Chairman*

This committee as now constituted is of comparatively recent date and having had no opportunity to undertake all of the program it has set itself to follow, we will make something in the nature of a progressive report rather than a report of accomplishment, at the same time telling you a little of what the industrial staff has done and is doing.

We have under consideration a number of matters which I will enumerate and simply comment on briefly as I go by.

WORKMEN'S COMPENSATION

A special investigatory committee has been appointed consisting of Mr. Charles B. Whittelsey, Mr. Howell Cheney, and Mr. Fuller F. Barnes, on Workmen's compensation. No action by the Industrial Relations Committee has been taken on that subject in anticipation of action by this other committee.

THE OPEN SHOP CONFERENCE OF CONNECTICUT

The Conference is now affiliated with the Connecticut Industrial Council, and is represented therein by its chairman, Mr. Newton C. Brainard and Mr. W. J. Wilcox. The latter was engaged this spring as Educational Director of the Conference since which time he has been occupied in making a survey of the building trades industry and in arranging apprenticeship training work in cooperation with employers in that industry and the state trade schools.

STAFF ACTIVITIES

The activities of the Industrial Relations Department of this Association are diversified in character. This year a major portion of time has been devoted to field work. The Industrial Secretary and his assistant have traveled nearly 22,000 miles this year. For the first time in the history of the Association every member, including branches, has been called upon. The Industrial Secretary has personally made 510 service calls, and his assistant has made 260 such calls. The purpose of such calls is to establish more direct contact with the membership, become acquainted with the key men in the various plants, discuss Association activities, encourage members to use the Association more, and invite suggestions and criticisms concerning policies, services, and activity.

The Industrial Service Department has con-

tinued to function concerning resignations, delinquent dues, and questionnaires. This necessitates considerable field work although the dues have been paid more promptly this year than for several years past.

Following the policy of the Association established in 1920 the staff has continued the practice of calling on the executive head of any plant involved in an industrial dispute, regardless of whether the plant is a member of the Association.

It will perhaps interest you to know that during the year 1924, January to October, Connecticut had a total of only eight industrial disputes. The total number of days involved amounted to sixty-four. The number of workers involved was 435. The total working days lost was 4,055 and the estimated loss to the employees was \$18,575, with a like amount estimated to have been lost by the employers. That by contrast with the preceding period is extremely interesting and gratifying.

Upon request of members of the Association located in a particular community, the staff engages in field work necessary in the formation of new local associations of manufacturers. The most recent activity of the staff in this connection was the organization of the Danbury Association which was definitely completed on October 22. Through the organization and development of the Connecticut Industrial Council, which is an informal organization made up of the presidents and secretaries of thirty-five local county and state associations, there has been developed a great amount of cooperation, understanding, and coordination of effort in behalf of organized industry. Friendly relations with the various associations have been established and duplication of effort is being gradually reduced. A continuous exchange of information is going on with the various organizations, in fact one of the most important functions of the Council is its use as a clearing house. No special or particular effort on the part of the staff has been made for the collection and dissemination of wage data. In all cases any service rendered was in response to a request of a member or of some organization. The Industrial Relations staff also engages in legislative activity and is particularly concerned with state and national legislation in the fields of industrial relations.

BROADENING THE SCOPE OF SERVICE

On account of the diversification of service in an industrial association such as ours, and on account of the limited personnel, it has not been entirely practical for the Industrial Relations Department to confine its functions strictly to the field of industrial relations. Nevertheless, service in that field has increased each year, and it is planned to increase the activity and broaden the scope of the service during the coming year.

The Industrial Relations Committee was appointed about six years ago at a time when misunderstanding as to the Association's attitude in regard to matters of industrial relations demanded a clear-cut definition of its position. The first result was the publication of a booklet containing principles of industrial relations. This publication dealt with principles rather than practices. Now the time has come to expand the activity of the committee in order to include in it the application of practices as well as principles.

To accomplish this the committee proposes to set up various sub-committees dealing with subjects on which action seems desirable, the work of these committees to be subject to review and approval by the Industrial Relations Committee. These sub-committees will be chosen from the membership and will be made up of individuals who are particularly qualified to undertake the study of some particular problem. Many of you no doubt will be called upon to serve as sub-committee members in order to help the general committee accomplish what it has set out to do.

EMPLOYEE EDUCATION

The need of employee education in fundamental economics suggests itself to the Industrial Relations Committee as one of its most important problems. The work must be undertaken not spasmodically and at widely sep-

arated points as in the past, but in a consistent broad-gauged way. The interests of the industrialists are constantly being opposed by thousands of paid propagandists who are continually sowing seeds of discontent. No work is more important than the fostering of systematic methods to combat this avalanche of untruths. Furthermore, a campaign of education along these lines will not be fully effective if directed solely at the working forces. The representatives of the managerial staffs themselves are often woefully lacking in a proper appreciation of this problem.

INDUSTRIAL RELATIONS

The Industrial Relations Committee will review proposed legislation, not with a spirit of class opposition, but in order that they may be squarely behind any appeal that may be offered which has for its purpose the general betterment of the state, regardless of its connection with industrial problems.

WAGE DATA

The general usefulness of current wage data is thought to be of sufficient value to warrant the consideration of a possible plan that will, however, not involve the gathering of costly and cumbersome statistics. This is as yet only in its initial stages of development.

PRISON LABOR

The effect on competition of prison-made goods which compete in the market with those made by free labor has become of such importance that some recommendation to correct this evil is timely. The Industrial Secretary is to gather further data on the subject and report back to the committee.

In order that the committee may function more effectively and be of more service to the Association as a whole, meetings will be held at least four times a year and as many more times as may seem desirable or necessary.

GEORGIA REJECTS

"Therefore, be it resolved by the House of Representatives of Georgia, in general assembly met, that the said amendment to the constitution of the United States be, and the same is hereby not ratified, but is rejected, because said proposed amendment would destroy parental authority and responsibility throughout America, would give irrevocable support to a rebellion of childhood which menaces our civilization, would give Congress, not only parental authority, but all state authority over education, would destroy local self-government, would eviscerate the states and change our

plan of government from a federal union to a consolidated republic and create a centralized government far removed from the power of the people.

"The State of Georgia has neither the right, nor the power, to give to Congress the power to limit, regulate or prohibit the labor of Georgians under eighteen years of age, or of any age, because such power re-establishes in America a system of slavery, with public ownership substituted for private ownership, and would place Congress in control in every home in the land, between parent and child.

REPORT OF THE TRANSPORTATION COMMITTEE

QUESTIONS AND ANSWERS BY MR. JOHN H. GOSS AND MR. R. L. FRENCH

Mr. Goss: What are the functions of the Traffic Committee of the Association?

Mr. French: The functions of the committee are to aid individual members in securing rates and service which will enable them to compete with other sections of the country; to aid individual members in adjusting claims, and to represent these members in all negotiations between transportation agencies whether they be rail, water or motor truck, or a combination of these agencies, and before all railroad organizations such as the Central Freight Association, the Trunk Line Association, the American Association of Railway Executives, the New England Traffic Association, the Consolidated Classification Committee, the Interstate Commerce Commission, etc.; to follow closely the trend of railroad rates and to watch carefully all proposals which would in any way affect the members of the Association at all adversely.

Mr. Goss: Specifically, what has committee done to perfect transportation service within the state and outside?

Mr. French: The General Freight Agent attends our monthly meetings and all complaints from the members are put to him. He has them investigated and reports back to us. In this way the committee has been able to promptly iron out many difficulties and within the last nine months we have had very few.

Mr. Goss: Recognizing the fact that one of the most serious problems which confronts New England manufacturers is the high cost of fuel and the uncertainty of supply, what has the Traffic Committee done to meet this problem?

Mr. French: Members of the committee appeared before the Interstate Commerce Commission in the case of Docket ICC 15006 and presented reasons for the establishment of through all-rail rates from the New River and Pocahontas fields of West Virginia to Connecticut. The Commission has not as yet rendered its decision, but we have every reason to believe that the desired rates will be forthcoming.

Mr. Goss: Does the committee take any interest in the passage of regulatory motor vehicle laws and their enforcement?

Mr. French: The committee has sponsored a number of important motor vehicle laws in the State of Connecticut and has at all times interested itself in the enforcement of all laws, whether they be to the advantage or disadvantage of members or of the state. An interesting illustration in connection with this subject is the registration fee which the Motor Vehicle Commission levied on Ford motor trucks. The committee determined upon investigation that the motor Vehicle Commission was rating these trucks at 1,200 pounds whereas the manufacturers' rating was 1,000 pounds. Under the manufacturers' rating this class of trucks would pay \$15. Under the Commission's rating the operator of this type of truck would pay \$22.50. The activities

of the committee have resulted in a refund of \$70,000 to the owners of Ford Model T chassis operating in the State of Connecticut.

Mr. Goss: Does the committee interest itself in national legislation affecting transportation?

Mr. French: The committee does interest itself in national legislation and there are, of course, many proposals which would completely wreck the Transportation Act of 1920 which your committee considers one of the most constructive laws passed in the history of regulatory transportation legislation. Government ownership is another matter with which we are confronted and we are constantly making investigations and preparing studies along these lines. Specifically, the most destructive piece of legislation which is actually before the Federal Congress for consideration is the so-called Howell-Barkley labor bill. The bill comes up this coming session of Congress.

Mr. Goss: Prior to the war did not Connecticut enjoy through railroad water rates to Carolina?

Mr. French: We did before the war, and as the service by rail and water is better than all-rail and more dependable, we are endeavoring



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to get it back and hope to have it within a few months.

Mr. Goss: Did the committee take any part in connection with the B & L tidewater coal rates?

Mr. French: As you possibly know the Bessemer & Lake Erie Bituminous District is a large non-union one and it was through our efforts that all rail rates were established to points on the New Haven Railroad and Central Vermont, thus insuring bituminous coal to all of us during coal strike periods.

Some of our members who take their coal in connection with water routes desired an opening into this non-union field. This was obtained and these non-union mines are now and have been for sometime past open to us.

Mr. Goss: What is the most important subject which is now before the committee?

Mr. French: The Eastern Class Rate Investigation. I need not discuss that subject as Mr. Chandler discusses it today.

Mr. Goss: What is the greatest difficulty encountered by the Committee?

Mr. French: The most annoying difficulty is the apathy of members of the Association. I want to take this occasion to ask members for their cooperation in these various matters. We need it, if they want us to do good work for them. The Traffic Committee works in the interests of members of the Association. The committee is made up of busy men who sacrifice time from their own business and who serve the Association without remuneration and they deserve support.

Mr. Goss: In my judgment this committee does more valuable work for the Association directly and all the time than any other committee. It is working on some very large matters and as Mr. French says it will help the work of the committee very materially if you will show more cooperation in replying to their requests for the information which they need in handling your problems.

SALES EXCHANGE

FOR SALE

- 1 — Switch engine, standard gauge.
Address S. E. 94.

Cold Rolled Alloy Steel

2116 lbs.	9/16" Rd.	#2315
1550 "	11/16" "	#2330
1085 "	1/2" Hex.	#2330
41 "	1/2" "	#2335
5875 "	7/8" "	#2335
20893 "	5/8" "	#3140
7655 "	9/16" Rd.	#3140
425 "	1" "	#3140

Hot Rolled Alloy Steel

8700 lbs.	2-15/16" Rd.	#3220
48802 "	3" "	#3220
78058 "	3-1/8" "	#3220
7136 "	3-1/2" dia.	Midvale #11
37610 "	5-1/4" "	" #11

Address S. E. 95.

- a. 2 — Babcock & Wilcox boilers. These have 72, 4" tubes 18' long, 8' wide, 9' high; 42" drums 7/16" thick, 20' 5 1/2" long; open hearth steel 56000 lbs. Built in 1916 and to carry 160 lbs. pressure.

- b. 2 — Steel buildings, specification as follows:

Length of main building	170 1/2'
Width " " "	80'
Height to eaves	21'
Height from span to ridge	20'
Height of cupola	9'
(Cupola the entire length of building.)	
50 windows	
6 double doors	
2 large doors	

- c. Adjoining building

Length	100'
Width	50'
Height to eaves	24'
Height span to ridge	12'
16 windows	
1 large door	
1 dormer window	

Address S. E. 96.

- 1 — Fitchburg engine, 13" x 23"; 100 H.P., 127 RPM; fly-wheel 8' dia. x 16" face; 14" belt; 4" steam supply; 5" exhaust; one 5" back pressure valve; one 5" exhaust head.

Floor space 16' x 8'6". The engine is in position and in good running order.

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WANTED TO BUY

- 1 — Used motor generator set. 400 to 500 KW capacity. Synchronous 440 or 2200 volts 3 phase 60 cycle generator, motor 250 volts D.C. Compound wound, with starting equipment.

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- 1 — Toggle draw press in good operative condition. Capacity to be approximately equivalent to #404 Bliss.

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- 1 — Second hand show case 4' long x 18" wide.

Address S. E. 100.

